

**PX 26**



1 VIDEOTAPED DEPOSITION OF [REDACTED]

2 BE IT REMEMBERED that on Wednesday,  
3 August 11, 2021, commencing at the hour of 8:09 a.m.  
4 thereof, at Kasowitz Benson, 2029 Century Park East,  
5 Suite 2000, Los Angeles, California, before me,  
6 Kathleen A. Wilkins, RPR-RMR-CRR-CCRR-CLR-CRC, a  
7 Certified Stenographic Shorthand Reporter, in and  
8 for the State of California, personally appeared  
9 [REDACTED] a witness in the above-entitled court  
10 and cause, who, being by me first duly sworn, was  
11 thereupon examined as a witness in said action.  
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23  
24  
25

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1 AUGUST 11, 2021

8:09 A.M.

2 P R O C E E D I N G S

3 MORNING SESSION

4 THE VIDEOGRAPHER: Good morning everyone.

5 Here begins the videotaped deposition of [REDACTED]

6 [REDACTED] testifying in the matter of the Securities and  
7 Exchange Commission versus Ripple Labs, Inc., et al.

8 Today's date is August 11, 2021. The time on the  
9 record is 8:09 a.m. My name is Rashad Hunter, the  
10 videographer. Our court reporter today is  
11 Kathleen Wilkins.

12 Counsel, will you please introduce  
13 yourselves for the record, and the witness will be  
14 sworn.

15 MS. WAXMAN: My name is Daphna Waxman and  
16 I represent the plaintiff, SEC.

17 MR. TENREIRO: Jorge Tenreiro, plaintiff,  
18 SEC.

19 MS. DEARBORN: Meredith Dearborn for  
20 defendant Christian Larsen from Paul Weiss.

21 MS. BUNTING: Kristina Bunting from Paul  
22 Weiss Rifkind Wharton & Garrison on behalf of  
23 Christian Larsen.

24 MR. LEVANDER: Sam Levander from Cleary  
25 Gottlieb Steen & Hamilton for defendant

1 Brad Garlinghouse.

2 MR. BLOCK: Johah Block on behalf of the  
3 witness, [REDACTED]

4 (Reporter clarification.)

5 BY MR. PISEM: Michael Pisem, Debevoise &  
6 Plimpton, for Ripple Labs.

7 MS. ZORNBERG: Lisa Zornberg,  
8 Debevoise & Plimpton, for Ripple Labs.

9 MR. HANIN: Michael Hanin, Kasowitz Benson  
10 Torres, for the witness.

11 MS. WAXMAN: Counsel, do you have any  
12 stipulations you'd like to place on the record?

13 MR. HANIN: No. No. Although, I do think  
14 we have an agreement as to time today. And we had  
15 agreed on 8:00 to 6:00. We're starting a little bit  
16 late. I'll have to talk to the witness about how  
17 much time beyond 6:00 we have, but that's the  
18 general parameter and that's a hard stop. But I  
19 know there's an allocation as between the commission  
20 and the other defendants.

21 As to how the time is going to be split,  
22 we have no view on that. Other than that, we're  
23 going to stop when we're going to stop.

24 MS. ZORNBERG: So I'll put a couple  
25 stipulations on. First, as with prior depositions,



1 we're going to take the view that an objection  
2 either by the witness's counsel or by any of the  
3 lawyers for any of the defendants is -- can suffice  
4 to preserve the objection for all of the defendants.

5 We would also preliminarily designate the  
6 entire transcript as confidential subject to any  
7 designation of particular parts later on as highly  
8 confidential.

9 In terms of the split, the agreement of  
10 the parties is that the SEC has until 3:00 p.m. and  
11 then the balance of the day is for the defendants.

12 And we all agree to try to be timely with  
13 our breaks to that end.

14 MR. HANIN: I would add to that. I  
15 don't -- I haven't reviewed the protective order in  
16 this case for this purpose, but we would ask that  
17 the entire transcript be presumptively highly  
18 confidential, from our perspective, until we have  
19 the opportunity to review, given what may be the  
20 sensitive and proprietary nature of the testimony.

21 MS. WAXMAN: That's fine.

22 EXAMINATION BY MS. WAXMAN

23 BY MS. WAXMAN:

24 Q. Mr. [REDACTED], please state your name for the  
25 record.

1 A. [REDACTED]

2 Q. And, Mr. [REDACTED] is there any reason you  
3 cannot give truthful testimony today?

4 A. No.

5 Q. Would you please tell me your education,  
6 beginning with college.

7 A. I studied at [REDACTED] I graduated in 1999  
8 with a degree in economics.

9 Q. And after you graduated, can you please  
10 tell me about your work history.

11 A. I joined [REDACTED] soon after  
12 graduating from [REDACTED] and I worked at [REDACTED]  
13 until early 2009.

14 Q. And after [REDACTED] where did you  
15 work?

16 A. After [REDACTED] I moved back to [REDACTED]  
17 and had some personal investments, but I didn't  
18 actually work for any other company.

19 Q. Have you ever had any employment after  
20 leaving [REDACTED]?

21 A. No.

22 Q. When did you come to start working at GSR?

23 A. I started working at GSR in 2013.

24 Q. Okay. So in between 2009 and 2013, did  
25 you have any employment?

1 A. No.

2 Q. And do you currently hold any professional  
3 licenses?

4 A. No.

5 Q. And are you still working at GSR now?

6 A. Yes.

7 Q. And are you, in your individual capacity,  
8 registered with any regulatory or organization, such  
9 as FINRA?

10 MS. ZORNBERG: Object to form.

11 THE WITNESS: Me personally?

12 BY MS. WAXMAN:

13 Q. In your individual capacity, yes.

14 A. I don't think so.

15 Q. Is GSR registered in any capacity with any  
16 regulatory authority?

17 A. I believe there are some GSR entities that  
18 are registered with FinCEN.

19 Q. Okay. And which ones?

20 A. I'd have to check.

21 MR. HANIN: When you say any regulatory  
22 authority, do you mean anywhere in the world or --

23 BY MS. WAXMAN:

24 Q. My question was not limited to regulatory  
25 authorities in the United States.



1           A.    Okay.  I mean, we are work -- we've been  
2   working with the MAS in Singapore to be licensed in  
3   Singapore.  But as I'm sure you know, they're a  
4   little bit backed up, so we're waiting -- we're  
5   waiting to hear back from them.

6           Q.    And when you say "we," who are you talking  
7   about?

8           MS. ZORNBERG:  Just one moment.  I'm being  
9   told that the Zoom is frozen.

10          MS. WAXMAN:  Let's go off the record.

11   8:14.

12          THE VIDEOGRAPHER:  We're going off the  
13   record at 8:14 a.m.

14          (Whereupon, a recess was taken.)

15          THE VIDEOGRAPHER:  We're going back on the  
16   record at 8:15 a.m.

17   BY MS. WAXMAN:

18          Q.    So going back to my prior question, you --  
19   I asked you when -- you said we've been working to  
20   become registered in Singapore, correct?

21          A.    Correct.

22          Q.    And when you say "we," who are you talking  
23   about?

24          A.    I believe our Singapore and operating  
25   company, [REDACTED] is the entity that

1 is seeking to be regulated in Singapore.

2 Q. Okay. And other than the entity in --  
3 that entity that you just named, are any other GSR  
4 entities registered with any regulatory authority?  
5 Or attempting to become registered?

6 A. Well, as I --

7 MS. ZORNBERG: Object to form.

8 You can answer.

9 THE WITNESS: As I said earlier, some of  
10 our operating companies are registered with FinCEN,  
11 and I don't recall which ones. And in addition,  
12 we've been starting to engage with regulators here  
13 in the U.S. with the aim of bringing GSR's business  
14 on shore. I think I mentioned to you once, right,  
15 that we had a meeting with the SEC back in January  
16 where we described the activities that GSR does.

17 BY MS. WAXMAN:

18 Q. And who was present at that meeting?

19 A. I -- I'd have to check, Daphna, I don't  
20 remember.

21 Q. And --

22 A. There were a number of people from the  
23 SEC, and from our side, the management team, and our  
24 counsel.

25 Q. And what was the purpose of the meeting,

1 from your perspective?

2 A. You know, we've always had the ambition of  
3 bringing GSR [REDACTED] to the U.S. and being  
4 [REDACTED] in the United States. And so this was an  
5 introductory meeting where we were talking to the --  
6 I think it's the markets team at the SEC and  
7 describing the different business activities GSR  
8 does with the aim of working together to -- I don't  
9 want to sound bombastic, but to help them, you know,  
10 develop a framework with the understanding that, you  
11 know, a lot of the activities in crypto are perhaps  
12 new, and the framework just doesn't exist yet.

13 Q. When you say with the aim of becoming --  
14 being [REDACTED] do you mean GSR would be -- become  
15 a [REDACTED] with the Securities and Exchange  
16 Commission?

17 A. We would -- yes. I think that would be  
18 the end goal.

19 Q. And they would be [REDACTED] as what?

20 A. That is what is unclear to me, as of  
21 today.

22 Q. But in some [REDACTED] capacity with the  
23 commission?

24 A. That's -- that would be our goal, yes.

25 Q. Changing topics for a second, did you



1 attend any prep sessions in advance of this  
2 deposition today?

3 A. I met with my counsel.

4 Q. And did you meet with any counsel for the  
5 individual defendants?

6 A. No.

7 Q. Did you meet with Ripple's counsel?

8 A. No.

9 Q. And how many hours in total did you  
10 prepare for this deposition with your counsel?

11 A. Roughly somewhere between five and ten, I  
12 would say.

13 Q. Okay. And other than your counsel, did  
14 anyone else attend these sessions?

15 A. No.

16 Q. Okay. Did you review any documents in  
17 connection with that preparation?

18 A. Yes.

19 Q. And about how many documents did you  
20 review?

21 A. When you say "how many documents," you  
22 mean how many sheets of paper or different emails  
23 or ...

24 Q. Did you review emails in connection with  
25 your preparation?

1 A. Yes, I reviewed some emails.

2 Q. And about how many emails?

3 A. I would say somewhere -- a dozen or  
4 somewhere between one and two dozen.

5 Q. And other than emails, did you review any  
6 other documents?

7 A. Yes.

8 Q. What sorts of documents did you review?

9 A. I recall seeing a transcript of a  
10 conversation, I can't remember which messaging  
11 service it was, maybe Skype or something like that.

12 Q. And who was the conversation with or  
13 between?

14 A. Sorry, I'm trying to -- oh, it was between  
15 myself and [REDACTED].

16 Q. Okay. And what was the substance between  
17 yourself and [REDACTED]?

18 A. I believe it was a conversation I had with  
19 [REDACTED] when [REDACTED] was working at Ripple, and it had  
20 to do with how we were going to be compensated for  
21 providing services to ODL.

22 Q. And what was the date of the conversation?

23 A. I -- I don't recall.

24 Q. Had you already started to provide  
25 services in connection with ODL to Ripple?

1 A. I don't think so.

2 Q. So prior to that time?

3 A. Correct.

4 Q. And what specifically were you discussing  
5 with respect to the compensation for services in  
6 connection with ODL?

7 A. Maybe I should rephrase. Maybe  
8 compensation wasn't the right term. But if I  
9 remember correctly, I -- I was complaining to [REDACTED]  
10 that the [REDACTED] which we had discussed earlier,  
11 was being reduced.

12 Q. Are you talking about a [REDACTED] or an  
13 [REDACTED]?

14 A. I think it was both.

15 Q. And why were you complaining about that?

16 A. Well, in order to be able to provide ODL,  
17 we need -- services to ODL, we need [REDACTED].  
18 And with less [REDACTED], it was going to make  
19 it harder for us. We were going to have to [REDACTED]  
20 [REDACTED] in order to be able to provide  
21 the service. And that just wasn't what -- I was  
22 under the impression that we had agreed to different  
23 terms earlier, and -- verbal negotiation.

24 Q. And the [REDACTED] that you're  
25 talking about, that's -- the [REDACTED], that's



1 [REDACTED] that you would use to convert fiat to a local  
2 currency?

3 MS. ZORNBERG: Object to form.

4 THE WITNESS: I think you're familiar with  
5 how ODL works. And in some instances we're offering  
6 XRP, and in other instances we're bidding for XRP.  
7 So you need -- in order to perform this activity,  
8 you need to have an inventory of XRP and you need to  
9 have an inventory of the relevant fiat.

10 BY MS. WAXMAN:

11 Q. So in the situations where you need to  
12 have the relevant fiat, are you using the [REDACTED]  
13 [REDACTED] with using  
14 traditional payment rails?

15 MS. ZORNBERG: Object to form.

16 THE WITNESS: That question wasn't very  
17 clear to me. Sorry.

18 BY MS. WAXMAN:

19 Q. Thank you for letting me know. I'll try.

20 So in the situations where you need to  
21 provide the local currency, for example, when you're  
22 providing Mexican pesos, are you using the [REDACTED]

23 [REDACTED] that -- to purchase the Mexican pesos --

24 MS. ZORNBERG: Object to form.

25 / /

1 BY MS. WAXMAN:

2 Q. -- that you would offer?

3 MS. ZORNBERG: Same objection.

4 THE WITNESS: It's not exactly like that.

5 When we purchase Mexican pesos, by virtue of  
6 providing the ODL service, what we're doing is we're  
7 selling XRP and we're receiving Mexican pesos.

8 BY MS. WAXMAN:

9 Q. Are there situations where you are buying  
10 XRP and --

11 A. Yes.

12 Q. So that occurs -- okay. So I want to  
13 focus on the situations where you are buying the XRP  
14 and providing the Mexican pesos.

15 MS. ZORNBERG: Object to form.

16 THE WITNESS: Okay. It's still unclear to  
17 me what you're asking, though. When we're  
18 purchasing XRP, we do so with a fiat inventory.  
19 That inventory of fiat can -- can be -- appears, if  
20 you will, on the exchange from -- we typically send  
21 it in from our [REDACTED]

22 BY MS. WAXMAN:

23 Q. Yeah. That's exactly -- so I'm -- my  
24 question simply is, do you use the [REDACTED]  
25 that you get from Ripple -- and when I'm talking

1 about the [REDACTED], I'm talking about the  
2 [REDACTED] -- to purchase the [REDACTED] inventory from the [REDACTED]  
3 [REDACTED]

4 A. We --

5 MS. ZORNBERG: Object to form.

6 THE WITNESS: I think we have in the past.

7 BY MS. WAXMAN:

8 Q. So yes, the answer is yes, you use the  
9 [REDACTED] from Ripple to purchase the [REDACTED]  
10 inventory which you then later exchange for XRP?

11 MR. HANIN: Object to the form.

12 MS. ZORNBERG: Yeah. Object to form.

13 MR. HANIN: I think he answered that.

14 But if you understand, you can answer.

15 MS. ZORNBERG: Just add to the objection.

16 You're not fixing the time, you're speaking in  
17 present tense. It's very unclear.

18 BY MS. WAXMAN:

19 Q. You understand what I -- what the question  
20 was?

21 A. Yes. The answer is more nuanced because  
22 it's not as if we earmark a sum of dollars that only  
23 gets exchanged into Mexican pesos. There is a pool  
24 of capital, and depending on the flows, we might  
25 have more funding needs in Mexican pesos or in



1 Philippine pesos.

2 For us, the way we look at it is we have a  
3 bucket of risk that is crypto, which is XRP, which  
4 has a volatility, and there's another bucket of risk  
5 that is the fiat component. I'm not as concerned  
6 about the FX risk because there's much less  
7 volatility.

8 So to answer your question, yes, sometimes  
9 that fiat component of the [REDACTED] that  
10 we receive from Ripple to service ODL oftentimes is  
11 used to purchase XRP, but it -- oftentimes it sits  
12 unused. Which particular currency it gets exchanged  
13 into is determined by the ODL flows.

14 Q. So we'll talk a little more about ODL  
15 after. I got a little sidetracked.

16 MR. HANIN: I think we were talking about  
17 documents he reviewed --

18 MS. WAXMAN: Yes.

19 MR. HANIN: -- to prepare for his  
20 deposition.

21 MS. WAXMAN: Thank you.

22 Q. Before this litigation was filed, did you  
23 have any meetings or calls with counsel for any  
24 party in this litigation?

25 A. Before the December -- the lawsuit, right?

1 Q. Correct.

2 A. Before that, I had an interview with you,  
3 correct?

4 Q. Correct.

5 A. Yes.

6 Q. Did you have any meetings or calls with  
7 counsel for either Mr. Garlinghouse or Mr. Larsen?

8 A. No. Not that I can recall.

9 MS. WAXMAN: Exhibit 57, please.

10 (Whereupon, Deposition Exhibit [REDACTED]-57  
11 was marked for identification.)

12 BY MS. WAXMAN:

13 Q. Mr. [REDACTED], I'm showing you what's been  
14 marked [REDACTED] 57, which has the Bates GSR\_22738  
15 through -744. It appears to be an email chain from  
16 October 2020 that you are on with people from Cleary  
17 Gottlieb. Your lawyer is also copied, and some  
18 others.

19 Please take a moment to look at it and let  
20 me know when you're done.

21 So this email chain appears to be setting  
22 up a call between you and lawyers for  
23 Mr. Garlinghouse, correct?

24 A. Yes.

25 Q. Okay. And did you have any reason to

1 believe that you didn't have a conversation with  
2 Mr. Garlinghouse's lawyers?

3 MS. ZORNBERG: Object to form.

4 THE WITNESS: No, I don't have any reason  
5 to believe that.

6 BY MS. WAXMAN:

7 Q. Okay. And do you recall the conversation  
8 that you had?

9 A. I don't. And I apologize, I -- 'cause  
10 I --

11 Q. It's fine.

12 A. -- answered the previous question wrong.

13 Q. That's why we have documents to refresh  
14 your memory.

15 What was the purpose of that conversation  
16 or call?

17 MR. HANIN: Objection.

18 MS. ZORNBERG: Objection.

19 MR. HANIN: Yeah.

20 MS. ZORNBERG: Ms. Waxman's implying that  
21 the document does refresh his memory, and that's --  
22 you haven't asked the predicate, does it refresh  
23 your recollection.

24 THE WITNESS: I don't recall the  
25 conversation, so ...



1 BY MS. WAXMAN:

2 Q. Does the document refresh your memory as  
3 to whether or not you had any calls with  
4 Mr. Garlinghouse's counsel?

5 A. Unfortunately, it does not.

6 Q. Okay. Did you ever provide  
7 Mr. Garlinghouse's counsel with access to certain --  
8 to information?

9 MS. ZORNBERG: Object to form.

10 MR. HANIN: And when you say "you," do you  
11 mean [REDACTED] personally or GSR? Just because there may  
12 be a distinction.

13 MS. WAXMAN: Well, let's ask --

14 MR. HANIN: I know [REDACTED] wants to be  
15 truthful and accurate and if the questions are --

16 BY MS. WAXMAN:

17 Q. Did you or anyone else at GSR ever provide  
18 Mr. Garlinghouse's counsel with access to certain  
19 information?

20 MR. HANIN: You can answer to the extent  
21 you know.

22 MS. ZORNBERG: Object to form.

23 THE WITNESS: I mean, I presume so, yes.

24 BY MS. WAXMAN:

25 Q. Okay. And when you say you presume so,

1     why do you say that?

2             A.     Well, I can see in this email thread that

3     [REDACTED] provided a correction on a spreadsheet, right?

4     The email dated October 15th.

5             Q.     Okay. And why did he provide that

6     information?

7             MR. HANIN: Objection.

8             If you know.

9             THE WITNESS: I mean, I don't remember.

10     But as I'm reading this email thread, I can see that

11     Brad had asked us to clarify some reporting, and

12     [REDACTED] replied saying here's a spreadsheet with the

13     correct data.

14     BY MS. WAXMAN:

15             Q.     And do you have any understanding as to

16     why Mr. Garlinghouse requested that information?

17             MR. LEVANDER: Objection.

18             (Reporter clarification.)

19             THE WITNESS: No.

20     BY MS. WAXMAN:

21             Q.     Do you recall any conversations with

22     Mr. Garlinghouse's counsel?

23             A.     I don't, Daphna.

24             Q.     Okay. Can you tell me generally what

25     services GSR -- I'm finished with that document.

1 Can you tell me generally what services  
2 GSR provides?

3 A. In general?

4 MS. ZORNBERG: Object to form.

5 BY MS. WAXMAN:

6 Q. From a high level, can you tell me what  
7 GSR does?

8 A. At the core, we're an [REDACTED]  
9 firm that specializes in crypto.

10 Q. And what do you mean by "an [REDACTED]  
11 [REDACTED] firm"?

12 A. Most of the trading we do is [REDACTED]  
13 in nature.

14 Q. And when you say it's [REDACTED] in  
15 nature," what does that mean?

16 A. We have engineers and quants who [REDACTED]  
17 the [REDACTED] that drive the [REDACTED]. It's not  
18 click [REDACTED] like I used to do.

19 Q. Does the training involve the use of [REDACTED]?

20 A. Yes. [REDACTED] is what -- how people refer to  
21 the [REDACTED]

22 Q. What is your understanding of a [REDACTED]?

23 A. [REDACTED] -- I guess people expect [REDACTED]  
24 [REDACTED] to be executed by some form of [REDACTED] but  
25 they don't exist. Humans program [REDACTED] It's



1 [REDACTED] And this [REDACTED] governs how computers send

2 [REDACTED]

3 Q. And who -- who at GSR is responsible for

4 [REDACTED] the [REDACTED]

5 A. We have a large team of quants who,  
6 depending on what type of trading we're doing, it  
7 will be one person or another.

8 Q. And how do you sell a digital asset using  
9 an [REDACTED] I assume it's different than other  
10 ways that you could sell a digital asset.

11 MS. ZORNBERG: Object to form.

12 THE WITNESS: It's a very strange  
13 question. Most of the trading volume in digital  
14 assets to date has been performed on what they call  
15 centralized exchanges. When -- in order to sell an  
16 asset, you need to own it. And typically, you would  
17 show an offer. And if somebody wants to buy that  
18 asset, they would lift your offer.

19 Placing the order can be done using a  
20 mouse, and the exchange is GUI, or it can be done  
21 [REDACTED] via the exchange's API.

22 BY MS. WAXMAN:

23 Q. So the [REDACTED] is connected to the  
24 exchange's API?

25 MR. HANIN: Objection to form.

1 THE WITNESS: Technically, I don't think  
2 that's correct, but the exchange's API allow our  
3 computers to send and receive orders to the  
4 exchanges.

5 BY MS. WAXMAN:

6 Q. And those orders, how quickly are they  
7 placed on the exchange?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: I'm not the best person to  
10 ask that question. My -- my technical understanding  
11 is rather limited. You know, it's in the fractions  
12 of a second, but I wouldn't know how to be more  
13 specific.

14 BY MS. WAXMAN:

15 Q. And -- that's good enough. Thank you.

16 Are the -- are the [REDACTED] placing  
17 trades 24 hours a day?

18 A. Yes. That's the goal.

19 Q. Obviously, today we're going to talk about  
20 GSR's relationship with Ripple.

21 When did Ripple's -- GSR's relationship  
22 with Ripple begin?

23 A. I believe it was Q4 of 2013.

24 Q. Okay. And -- so about eight years you've  
25 had a business relationship with Ripple?

1 A. Yes.

2 Q. Okay. And over those eight years, how  
3 much revenue has GSR earned from Ripple?

4 MR. HANIN: Objection.

5 MS. ZORNBERG: Object to form.

6 THE WITNESS: I don't know the exact  
7 number, Daphna.

8 BY MS. WAXMAN:

9 Q. Can you give an approximate range?

10 MR. HANIN: Objection to form. And the  
11 framing from Ripple, if you know -- I'm not sure  
12 what that means, but ...

13 THE WITNESS: I mean, we've -- it's  
14 difficult to answer because, you know, we've been  
15 paid for certain services, as I'm sure you know.  
16 You've seen the contracts. But, you know,  
17 sometimes, you know, there's -- it's not as simple  
18 as a [REDACTED] business. And -- and so, you know,  
19 I wouldn't know how to differentiate fees that we've  
20 earned from Ripple and revenue that we've been able  
21 to create by taking more proprietary views on risk.

22 BY MS. WAXMAN:

23 Q. You're not able to extrapolate how much  
24 revenue came from programmatic sales of XRP?

25 MS. ZORNBERG: Objection.



1 THE WITNESS: So -- so the programmatic  
2 sales of XRP were one activity, one service that we  
3 provided for Ripple. For that, that was a fee  
4 business. And I think that -- my guess is we  
5 probably earned between [REDACTED] and [REDACTED] in fees  
6 from the programmatic sales that we did on behalf of  
7 Ripple. But that's a guesstimate.

8 BY MS. WAXMAN:

9 Q. Is that during the entire period or per  
10 year?

11 A. No. During the time that we were selling  
12 XRP on behalf of Ripple.

13 Q. Okay. And --

14 MS. ZORNBERG: Objection.

15 BY MS. WAXMAN:

16 Q. -- during what time period was that?

17 MS. ZORNBERG: Okay.

18 THE WITNESS: I don't recall exactly  
19 how -- I don't recall the exact dates. I'm sorry,  
20 Daphna.

21 BY MS. WAXMAN:

22 Q. Okay. And you said there were other  
23 services that GSR provided for Ripple, correct?

24 A. Correct.

25 Q. And what other services?



1           A.    So when we first engaged with Ripple in  
2   late 2013 or early 2014, we -- it was in the context  
3   of providing liquidity to the Ripple Consensus  
4   Ledger.

5           Q.    Any other services?

6           A.    So broadly, we started off as providing  
7   liquidity on Ripple's Consensus Ledger, then we also  
8   did programmatic sales of XRP, and more recently  
9   we've been servicing ODL.

10          Q.    Okay. And the services in connection with  
11   ODL, during what period of time did that occur?

12          A.    I should know the answer to that one  
13   'cause that was more recent. I don't remember when  
14   we started, but it's ongoing.

15          Q.    Okay. And approximately how much money  
16   did GSR earn from Ripple in connection with the  
17   services that it provided related to ODL?

18               MR. HANIN: Objection to the form.

19               MS. ZORNBERG: Objection.

20               (Reporter clarification.)

21               MR. HANIN: One for all. One objection  
22   for all.

23               THE WITNESS: Is the question how much  
24   revenue we've generated from ODL?

25   / /

1 BY MS. WAXMAN:

2 Q. Correct.

3 MS. ZORNBERG: Same objection that was  
4 stated last time.

5 THE WITNESS: This goes back to my earlier  
6 point. The fees that we've earned from ODL are  
7 quantifiable or more easily quantifiable. But we --  
8 we made some risk decisions with regards to ODL  
9 which resulted in -- we had to make some trading  
10 calls, I guess is what I'm saying, with regards to  
11 the positions that we had as a result of our ODL  
12 engagement.

13 BY MS. WAXMAN:

14 Q. Aside from the positions that GSR took in  
15 connection -- the trading positions that GSR took in  
16 connection with ODL, did you receive any flat fees  
17 or variable fees from Ripple?

18 MS. ZORNBERG: Object to form.

19 THE WITNESS: For ODL?

20 BY MS. WAXMAN:

21 Q. For ODL.

22 A. Yes, we did. If I remember correctly,  
23 there was a flat fee and a variable fee in  
24 connection with ODL.

25 Q. And approximately how much money did GSR

1 make from those in connection with the ODL services?

2 MR. HANIN: Object to the form.

3 THE WITNESS: I -- I don't recall, Daphna,  
4 'cause I don't recall the exact time. Those  
5 variable fees changed over time.

6 BY MS. WAXMAN:

7 Q. Okay.

8 A. And -- and I don't remember how many  
9 months we were on one or on the other.

10 Q. During the 2013 -- during the period where  
11 Ripple was -- GSR was executing programmatic sales  
12 on behalf of Ripple, was Ripple GSR's largest  
13 revenue service?

14 MR. HANIN: Object to form.

15 MS. ZORNBERG: I heard 2013, but did you  
16 withdrawal the reference to 2013?

17 MS. WAXMAN: Yes.

18 Q. So the question is: During the period  
19 where Ripple's -- during the period where GSR was  
20 executing programmatic sales for Ripple, was Ripple  
21 GSR's largest revenue source?

22 MS. ZORNBERG: Object.

23 MR. HANIN: Object to form. It's a  
24 difficult question to answer without defining that  
25 period.



1 But if you can ...

2 THE WITNESS: Yeah. I -- I don't think I  
3 can answer the question because the period during  
4 which we provided the XRP sales was quite large, and  
5 I don't remember the exact beginning and endpoints.  
6 And I do know that within that time period,  
7 depending on what snapshot of time you take, there  
8 were periods when other of our activities were  
9 providing us with more or less revenue.

10 BY MS. WAXMAN:

11 Q. Just taking a step back, was Ripple a  
12 substantial client for GSR?

13 MS. ZORNBERG: Object to form.

14 THE WITNESS: Ripple is a substantial  
15 client of GSR's.

16 BY MS. WAXMAN:

17 Q. And approximately how much revenue does  
18 GSR get from the business it had with -- from  
19 Ripple?

20 MS. ZORNBERG: Objection.

21 MR. HANIN: Object to form.

22 MS. ZORNBERG: And asked and answered.

23 MR. HANIN: Without a time period, I don't  
24 see how the witness can answer that question. I'm  
25 not trying to be difficult. I just -- I don't think

1 that's an answerable question as asked.

2 BY MS. WAXMAN:

3 Q. When -- so you said you considered Ripple  
4 a substantial client. Why did you consider them a  
5 substantial client?

6 A. Well, Ripple has always been one of the  
7 top digital assets in the crypto space. Sadly, like  
8 me, one of the oldest, who's been around for quite  
9 some time, and it's a -- it's not your usual crypto  
10 company.

11 You know, it's -- Ripple has a large  
12 headquarter and a huge workforce and executives and  
13 people -- you know, it's -- I -- I don't know how to  
14 say this without sounding silly, but Ripple has  
15 always been one of the responsible adults in the  
16 space in the sense that, you know, they're --  
17 they're a real company with real people and real  
18 goals.

19 Unfortunately in the digital asset space,  
20 you know, there's -- the standards aren't always so  
21 high.

22 Q. Is Ripple still a customer of GSR's today?

23 A. Yes.

24 MS. ZORNBERG: Objection. Asked and  
25 answered.

1 BY MS. WAXMAN:

2 Q. And what is the nature of the relationship  
3 today?

4 A. We service ODL.

5 Q. Okay. And what percentage of GSR's  
6 current revenues are attributed to Ripple?

7 MR. HANIN: Objection.

8 If you can answer.

9 THE WITNESS: This fiscal year, for  
10 example, or ...

11 BY MS. WAXMAN:

12 Q. Yes.

13 A. This fiscal year, ODL has been less than  
14 [REDACTED] of GSR's revenue.

15 Q. And in previous years, has it been more  
16 than that?

17 A. Yes.

18 Q. And how much more?

19 MR. HANIN: Object.

20 THE WITNESS: Which years?

21 BY MS. WAXMAN:

22 Q. What was the highest percent revenues from  
23 Ripple have ever been from GSR?

24 MR. HANIN: Objection as to time frame.

25 THE WITNESS: You mean ODL as a fraction



1 of GSR's total revenue?

2 BY MS. WAXMAN:

3 Q. Yes.

4 MS. ZORNBERG: Object to form.

5 THE WITNESS: I'm guesstimating here,  
6 Daphna, but, I don't know, somewhere between [REDACTED] and  
7 [REDACTED] percent, perhaps.

8 BY MS. WAXMAN:

9 Q. Okay. Earlier you identified three  
10 different types of services that GSR provided for  
11 Ripple. The first one you said during 2013 and  
12 2014, GSR was providing liquidity to RCL, correct?

13 A. Correct.

14 Q. And what is RCL?

15 A. The Ripple Consensus Ledger.

16 Q. And what was the liquidity on -- for XRP  
17 on the RCL at the time that you started to do that?

18 MS. ZORNBERG: Objection to form.

19 THE WITNESS: Can you define -- what do  
20 you mean by the liquidity of?

21 BY MS. WAXMAN:

22 Q. What was the volume of trading for XRP on  
23 the Ledger at the time?

24 MS. ZORNBERG: What time.

25 THE WITNESS: And when? Like back in

1 2013?

2 BY MS. WAXMAN:

3 Q. At the time that you first started to  
4 provide services to -- to -- at the time that you  
5 started to provide liquidity in XRP on the RCL, what  
6 was the liquidity, what was the volume of trading?

7 MS. ZORNBERG: Objection. Can you fix a  
8 time?

9 BY MS. WAXMAN:

10 Q. Did you understand the time period that we  
11 were just talking about?

12 A. I -- I understood the question to be in Q4  
13 of 2013, when we started.

14 Q. Okay. In Q4 of 2013, what was the volume  
15 of XRP trading on the Ledger?

16 A. When you say "XRP trading," just XRP  
17 trade -- so trades where XRP was one of the two  
18 crosses? Because on the Consensus Ledger, you could  
19 also trade, you know, euros for dollars or ...

20 Q. I'm just talking about XRP. Any crosses  
21 involving XRP.

22 A. I mean, I certainly can't remember an  
23 exact number from eight years ago. But I would -- I  
24 mean, I can tell you with certainty it was a lot  
25 less than what trades today, but I don't remember

1 the exact figures, Daphna.

2 Q. What was the purpose of -- why did Ripple  
3 contract with you to provide these services?

4 MR. HANIN: Objection.

5 If you know.

6 THE WITNESS: I mean, they -- we have --  
7 we had a market making agreement with Ripple, so  
8 they were asking for us to provide liquidity to RCL.

9 BY MS. WAXMAN:

10 Q. And did you understand that there was  
11 limited liquidity at the time?

12 MS. ZORNBERG: Object to form.

13 THE WITNESS: I don't know how I would  
14 designate -- I mean, what constitutes limited?

15 BY MS. WAXMAN:

16 Q. Why were you -- strike that.

17 What was the purpose of the market making  
18 agreement with Ripple?

19 MR. HANIN: Objection. From whose  
20 perspective, or are you asking his understanding of  
21 the purpose?

22 BY MS. WAXMAN:

23 Q. What did they tell you about why they  
24 wanted you to provide market making services?

25 MS. ZORNBERG: Object to form.



1 THE WITNESS: I don't know that they --  
2 the market making agreement has -- had some KPIs  
3 that we were supposed to meet.

4 BY MS. WAXMAN:

5 Q. And what is a KPI?

6 A. A key performance indicator. So is  
7 that -- does that answer your question?

8 Q. What I'm trying to understand is, what was  
9 your understanding of your role in connection with  
10 the market making agreement?

11 A. Well, as --

12 MS. ZORNBERG: Object to form. "Your"  
13 being Mr. [REDACTED] or GSR?

14 BY MS. WAXMAN:

15 Q. Either in your -- what was your  
16 understanding of GSR's role in connection with the  
17 market making agreement?

18 A. We were hired as liquidity providers and  
19 we were tasked with providing liquidity subject to  
20 the KPIs that I mentioned earlier.

21 Q. And what does it mean to provide liquidity  
22 for someone who's not, you know, familiar with how  
23 markets work and how trading works?

24 MS. ZORNBERG: Object to form.

25 THE WITNESS: I think the idea is to

1 provide the necessary conditions for more  
2 frictionless trading.

3 BY MS. WAXMAN:

4 Q. And how do you do that?

5 A. Typically, you [REDACTED] between the

6 [REDACTED]

7 Q. And how do you do that?

8 A. I'm sorry?

9 Q. How do you do that? How do you reduce the

10 [REDACTED]

11 A. You show [REDACTED].

12 Q. And were there any -- was there anything  
13 else that you did in order to provide liquidity  
14 under the market making agreement?

15 A. I'm not sure I understand the question.

16 Q. What was your understanding of -- why did  
17 you want to show [REDACTED]?

18 MS. ZORNBERG: Object to form.

19 THE WITNESS: Well, we were -- as I  
20 mentioned earlier, our KPIs are that we had to  
21 show -- you know, typically there's a [REDACTED]  
22 and [REDACTED] And so we had to show [REDACTED]  
23 [REDACTED] so we could meet those conditions.

24 BY MS. WAXMAN:

25 Q. Was one of the goals of the market making

1 agreement to increase liquidity for XRP on the  
2 Ledger?

3 A. I would guess so, yes.

4 Q. And was one of the goals of the market  
5 maker agreement to increase volume of XRP trading on  
6 the Ledger?

7 A. No. It doesn't work like that.

8 Q. And why wasn't it?

9 A. As a liquidity provider, one cannot  
10 guarantee volume. You can improve the market  
11 conditions by [REDACTED] so that  
12 other people can transact and perhaps that may lead  
13 to higher volumes, but as a liquidity provider, we  
14 can't guarantee volumes because we can't trade with  
15 ourselves.

16 Q. And when you say you wanted to improve --  
17 when you talk about improving market conditions,  
18 what market conditions are you talking about?

19 A. I was referring to the [REDACTED]

20 Q. And any other market conditions?

21 A. I'm -- another KPI we typically face is a  
22 [REDACTED].

23 Q. Was one of the goals of the market making  
24 agreement to increase the price of XRP on the  
25 Ledger?



1 A. No.

2 Q. Why wasn't it?

3 MS. ZORNBERG: Object to form.

4 MR. HANIN: Objection.

5 THE WITNESS: I'm not sure how there could  
6 be.

7 BY MS. WAXMAN:

8 Q. Did Ripple have an interest in increasing  
9 the price of XRP?

10 MS. ZORNBERG: Objection.

11 THE WITNESS: I have no idea.

12 BY MS. WAXMAN:

13 Q. The market making agreement that we were  
14 just talking about, this wasn't in connection with  
15 ODL, correct?

16 A. This first market making agreement, no.  
17 This --

18 Q. And the market making wasn't in connection  
19 with any liquidity that you would provide for any  
20 Ripple software product, correct?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I'm sorry, I don't  
23 understand the question.

24 BY MS. WAXMAN:

25 Q. The services that you provided in

1 connection with the market making agreement, that  
2 wasn't in connection with any Ripple software  
3 product, correct?

4 MS. ZORNBERG: Objection.

5 THE WITNESS: I don't understand what the  
6 Ripple software product would be. I --

7 BY MS. WAXMAN:

8 Q. Are you aware of any Ripple software  
9 product that needed liquidity from the -- from the  
10 Ledger, increased liquidity from the Ledger at that  
11 time?

12 MS. ZORNBERG: Objection. And object to  
13 as --

14 THE WITNESS: I honestly don't think I  
15 understand the question, but -- but -- I'm --  
16 I'm ...

17 BY MS. WAXMAN:

18 Q. I'll rephrase it.

19 Was the market making agreement related to  
20 any Ripple software product?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: Well, I mean, we were  
23 providing liquidity on the Ripple Consensus Ledger.  
24 Isn't the Ripple Consensus Ledger a Ripple software  
25 product?

1 BY MS. WAXMAN:

2 Q. What was your -- so other than providing  
3 liquidity on the Ledger, was the agreement related  
4 to providing liquidity to anything -- anything else?

5 MS. ZORNBERG: Objection.

6 THE WITNESS: To the best of my knowledge,  
7 I think it was -- we were providing liquidity on the  
8 Ledger.

9 BY MS. WAXMAN:

10 Q. And did Ripple want to make a market for  
11 XRP on the Ledger at the time?

12 MR. HANIN: Objection.

13 MS. ZORNBERG: Objection.

14 THE WITNESS: Did Ripple want to make a  
15 market for XRP? I believe the crosses that we were  
16 quoting per the contract had XRP.

17 BY MS. WAXMAN:

18 Q. So by -- does that mean that you wanted to  
19 make a market in XRP by supplying crosses in XRP?

20 MS. ZORNBERG: Objection.

21 MR. HANIN: Objection.

22 THE WITNESS: **CSR** was -- had a service  
23 agreement where we had to make markets on a number  
24 of crosses. Is that what you're referring to? And  
25 some of those crosses had XRP in them.



1 BY MS. WAXMAN:

2 Q. Okay. And the -- who was buying the  
3 XRP -- who was trading in the XRP on the Ledger at  
4 the time?

5 A. Who was on the other side of our trades?

6 Q. Correct.

7 A. I have no idea.

8 Q. Were they people who were looking to  
9 speculate in XRP?

10 MS. ZORNBERG: Objection.

11 THE WITNESS: I have no idea.

12 BY MS. WAXMAN:

13 Q. Is there any way -- would there have been  
14 any way to know who was on the other side of the  
15 trades?

16 MS. ZORNBERG: Object to form.

17 THE WITNESS: No. I mean, the -- the  
18 Ledger is public, and all the transactions are  
19 transparent. But you just -- what you see on the  
20 other end is a wallet address, which is a big string  
21 of characters and numbers. It doesn't -- you don't  
22 know who's on the other side, I guess is my point.

23 BY MS. WAXMAN:

24 Q. Did you have any understanding as to  
25 whether people were buying XRP to use it for

1 goods -- to purchase goods and services at that  
2 time?

3 MS. ZORNBERG: Objection.

4 THE WITNESS: I don't recall.

5 BY MS. WAXMAN:

6 Q. The second service you spoke about was  
7 programmatic sales, correct?

8 A. Correct.

9 Q. And where did the programmatic sales  
10 occur?

11 A. Could you -- I don't -- could you be a bit  
12 more specific?

13 Q. Did you sell XRP programmatically on  
14 behalf of Ripple on the Ledger?

15 A. I think so, yes.

16 Q. And during what period?

17 A. I don't recall the dates, Daphna.

18 Q. Did you sell XRP programmatically on  
19 behalf of Ripple on the Ledger at the same time that  
20 you were making markets in XRP on the Ledger?

21 A. I don't recall.

22 Q. Did you sell XRP programmatically on  
23 behalf of Ripple on digital asset trading platforms?

24 A. Digital asset trading platforms are what  
25 we call crypto exchanges.

1 Q. That's my understanding. Is that your  
2 understanding?

3 A. Yes.

4 Q. Yes. So during what period of time did  
5 you sell XRP programmatically on behalf of Ripple  
6 on -- I'll use the word "exchanges," your word?

7 A. I don't remember the exact dates, but ...

8 Q. And is GSR currently selling XRP  
9 programmatically on behalf of Ripple on exchanges?

10 A. No.

11 Q. And when --

12 MS. ZORNBERG: Was there an audible  
13 response? Did the reporter get it.

14 THE WITNESS: No.

15 MS. ZORNBERG: Okay. Thank you.

16 BY MS. WAXMAN:

17 Q. And when did GSR stop selling XRP  
18 programmatically on behalf of Ripple on exchanges?

19 A. I don't remember the exact date, Daphna.

20 Q. Was it in 2019?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I -- I don't remember.

23 BY MS. WAXMAN:

24 Q. Why did GSR stop selling XRP  
25 programmatically on behalf of Ripple?



1 A. Because we were asked to -- we weren't  
2 asked to -- to sell.

3 Q. Did Ripple direct you to stop selling?

4 A. Yes.

5 Q. Okay. And in addition to the three  
6 categories that we spoke about earlier, did GSR ever  
7 purchase XRP on behalf of Ripple?

8 MR. HANIN: Objection to form.

9 THE WITNESS: When you -- yeah. When you  
10 say "purchase XRP," I mean, in the first activity  
11 when we were providing liquidity on the Ledger,  
12 we're buying and selling all day. Sometimes we're  
13 buying XRP, sometimes we're selling it. Is that --  
14 BY MS. WAXMAN:

15 Q. So -- I understand. Outside of market  
16 making, buying and selling, separate from that, did  
17 GSR ever purchase XRP on behalf of Ripple?

18 A. Yes, I believe we did.

19 Q. Okay. And during what time period? Or  
20 periods?

21 A. I -- I recall we -- there were a few  
22 instances where we purchased XRP during the XRP  
23 sales program.

24 Q. During the period that you were selling  
25 XRP programmatically?

1 A. Yeah.

2 Q. Was there any period of time where you  
3 were purchasing XRP on behalf of Ripple?

4 A. Yes. I think during that time window,  
5 there were times when we purchased XRP.

6 Q. Did you ever purchase XRP in connection  
7 with any services related to ODL?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: I don't know that it was in  
10 connection with ODL -- well, we purchased XRP on  
11 behalf of Ripple in the -- I can't remember when we  
12 did it, but it was in the last couple of years, or  
13 during the time period when we were servicing ODL.

14 BY MS. WAXMAN:

15 Q. Those sales that you just spoke about,  
16 were they executed [REDACTED]

17 MS. ZORNBERG: You said "sales," do you  
18 mean purchases?

19 MS. WAXMAN: Yes. Thank you.

20 Q. Those purchases.

21 A. We -- I think so, yes. I mean, the vast  
22 majority of the trading that we do is programmatic  
23 in nature.

24 Q. So is it fair to call those programmatic  
25 buying?

1 A. I guess so.

2 Q. Going back to the programmatic sales, at a  
3 very high level, what did Ripple direct GSR to  
4 achieve from its programmatic sales?

5 MR. HANIN: Object to form.

6 THE WITNESS: I'm not sure what you're --  
7 what exactly is it you're getting at with that  
8 question?

9 BY MS. WAXMAN:

10 Q. What was the purpose -- strike that.

11 What was Ripple's goal from -- from the  
12 programmatic sales?

13 MS. ZORNBERG: Object.

14 MR. HANIN: Objection.

15 You can testify as to your understanding,  
16 but --

17 THE WITNESS: I mean, yeah.

18 MR. HANIN: If you have one.

19 THE WITNESS: We were tasked with selling  
20 XRP.

21 BY MS. WAXMAN:

22 Q. Ripple wanted to sell XRP for USD?

23 MR. HANIN: Objection.

24 THE WITNESS: I'm not sure that I would  
25 qualify it as USD, but we were -- we were selling



1 XRP.

2 BY MS. WAXMAN:

3 Q. Ripple wanted to sell XRP to generate  
4 proceeds for itself?

5 MS. ZORNBERG: Object to form.

6 THE WITNESS: I don't know if it was to  
7 generate proceeds or for whatever other reason they  
8 wanted to sell it.

9 BY MS. WAXMAN:

10 Q. And -- but they wanted to sell it for  
11 cash?

12 MS. ZORNBERG: Object to form. Asked  
13 answered.

14 THE WITNESS: Again, I don't know that it  
15 was just for cash.

16 BY MS. WAXMAN:

17 Q. Did you have -- did they ever tell you any  
18 other reason for wanting to sell XRP?

19 MS. ZORNBERG: Objection. He hasn't  
20 testified to a reason yet. And object to the term  
21 "they," and object to the term "view."

22 THE WITNESS: It's -- I don't recall  
23 having any conversation where Ripple told me why  
24 they were selling this XRP. You know, there are a  
25 number of reasons why they might have chosen to do

1 it.

2 BY MS. WAXMAN:

3 Q. What was your understanding of why they  
4 were selling the XRP?

5 MS. ZORNBERG: Objection. Asked and  
6 answered.

7 THE WITNESS: Why do I think Ripple was  
8 selling the XRP?

9 BY MS. WAXMAN:

10 Q. What was your understanding?

11 A. It could have --

12 MS. ZORNBERG: Objection. I don't know if  
13 you're asking him to speculate. He's already  
14 testified he doesn't have an understanding of  
15 Ripple's reasons. Can you clarify the question?

16 BY MS. WAXMAN:

17 Q. When Ripple approached you to engage in  
18 these -- these services, did you have an  
19 understanding of what they wanted you to do?

20 A. What -- what they wanted us to do is to  
21 sell the XRP. The end goal, whether it was to raise  
22 funds or to distribute XRP across the community, I  
23 have no way of knowing which one or any other  
24 reason.

25 Q. My question is I think a little bit

1 simpler. And Ripple wanted either fiat or other  
2 currency in exchange for the XRP, correct?

3 MR. HANIN: Objection.

4 MS. ZORNBERG: Objection. And objection  
5 to the commentary that your question is simpler.  
6 You tried to ask this question and have asked it at  
7 least ten times.

8 THE WITNESS: Yeah, I'm not sure what  
9 I'm -- if you look at the -- the contract, we  
10 received XRP and -- and we returned to them other  
11 units of value. I can't remember what they were.  
12 But I don't -- like I say, I don't know what the  
13 underlying reason was. I would just be speculating,  
14 like I said, and it could be because they wanted to  
15 distribute XRP across the community.

16 This was a new -- like many projects in  
17 crypto, everybody is looking for adoption and  
18 looking to -- to distribute and create a bigger  
19 community. And -- and so it could have also, you  
20 know -- that might have been the overarching reason.  
21 It may have changed over time. I don't know.

22 BY MS. WAXMAN:

23 Q. Did anyone at Ripple ever tell you that  
24 they wanted to distribute the XRP and create a  
25 bigger community?



1           A.    I can't -- I mean, in general terms, yes.

2           I know that part of the reason why we sold XRP on  
3           multiple exchanges was for that reason.

4           Q.    And why did Ripple want to do that?

5                   MS. ZORNBERG:   Object to form.

6                   THE WITNESS:   I think Ripple wanted to  
7           have a larger user base and to be known globally.  I  
8           suspect.  I mean ...

9           BY MS. WAXMAN:

10           Q.    Did Ripple want to have a larger trading  
11           market for XRP?

12                   MS. ZORNBERG:   Objection.

13                   THE WITNESS:   What do you mean by "trading  
14           market"?  Like --

15           BY MS. WAXMAN:

16           Q.    Did Ripple want more people to buy and  
17           sell XRP on exchanges?

18           A.    I don't know what Ripple wanted.  I mean,  
19           I -- I -- I presume so.  In the context of, you  
20           know, becoming more visible and gaining more  
21           adoption.

22           Q.    Did Ripple want to extract as much value  
23           from its sales of XRP?

24                   MS. ZORNBERG:   Objection.

25                   THE WITNESS:   I have no way of knowing.  I

1 mean, the question is a bit unclear to me.

2 BY MS. WAXMAN:

3 Q. Did Ripple want you to sell XRP for as  
4 high as a price as possible?

5 MR. HANIN: Objection.

6 MS. ZORNBERG: Object to form.

7 THE WITNESS: I don't know. I -- how can  
8 I know?

9 BY MS. WAXMAN:

10 Q. Well, when you sold XRP on Ripple's  
11 behalf, were you trying to get a low price or were  
12 you trying to get as best a price as possible?

13 A. GSR --

14 MR. HANIN: Object to form.

15 THE WITNESS: GSR always tries to give our  
16 clients best execution. So we were trying to sell  
17 the XRP at the best possible price.

18 BY MS. WAXMAN:

19 Q. Did Ripple direct you to try to sell the  
20 XRP at the best possible price?

21 MS. ZORNBERG: Object to form.

22 THE WITNESS: I -- I don't know how to  
23 answer that question. How could -- how would -- I  
24 don't know that they explicitly -- I don't recall  
25 them explicitly telling me you have to get highest

1 possible price for us.

2 BY MS. WAXMAN:

3 Q. Did Ripple want you -- did Ripple want its  
4 sales not to exert a negative -- strike that.

5 Did Ripple want its sales not to have a  
6 negative impact on XRP price?

7 MS. ZORNBERG: Object to form.

8 THE WITNESS: I -- I presume so, yes.

9 BY MS. WAXMAN:

10 Q. And did you ever discuss that with anyone  
11 at Ripple?

12 A. Discuss what? How the sales impacted  
13 price?

14 Q. Did you ever discuss with anyone at Ripple  
15 having their desire for their sales not to have a  
16 negative impact on price?

17 A. Yes, I probably did, yes.

18 Q. Okay. And when did you discuss that with  
19 Ripple?

20 A. During the course of the programmatic  
21 sales, but I don't remember any specific dates.

22 Q. But that was something that you discussed  
23 with Ripple?

24 MS. ZORNBERG: Objection.

25 THE WITNESS: The impact of selling on the



1 price of XRP?

2 BY MS. WAXMAN:

3 Q. Yes.

4 A. Yes.

5 Q. And did you discuss with people at Ripple  
6 their desire not to have their sales have it  
7 negatively impact the price of XRP?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: It's the same -- isn't that  
10 the same question as the previous one? I mean, yes,  
11 we discussed with Ripple that selling would likely  
12 impact the price of XRP.

13 BY MS. WAXMAN:

14 Q. And how -- and what did you discuss with  
15 them about the impact that the sales would have?

16 A. I don't understand.

17 MS. WAXMAN: Strike that.

18 Exhibit 20, please.

19 Sorry. Exhibit 3.

20 (Whereupon, Deposition Exhibit [REDACTED]-3  
21 was marked for identification.)

22 BY MS. WAXMAN:

23 Q. Mr. [REDACTED], I'm showing you what's been  
24 marked as [REDACTED]-3, which is a document with the Bates  
25 GSR\_11398 through -11405. It's an email plus an

1 attachment dated November 20th, 2015. You're  
2 copied on the email. And the name of the attachment  
3 is called "XRP Sales Optimization."

4 Just take a moment to look at it and let  
5 me know when you're done.

6 MR. HANIN: Do you have another copy?

7 MR. TENREIRO: I'm sorry, I ...

8 MR. HANIN: That's okay. We can share.

9 MR. TENREIRO: Here you go.

10 MR. HANIN: Oh, thank you.

11 BY MS. WAXMAN:

12 Q. Do you need more time?

13 A. I've read it.

14 Q. Okay. Do you recognize the attachment to  
15 the email?

16 A. Yes.

17 Q. Did you have any involvement in -- strike  
18 that.

19 What is the attachment?

20 A. The PDF attached to the email?

21 Q. Yes.

22 A. Is a discussion on -- it's a suggestion on  
23 how we might improve the net execution price of the  
24 XRP sales.

25 Q. And did -- did -- why did you -- did you

1 have any involvement in the preparation of the  
2 study?

3 A. Yes.

4 MR. HANIN: Objection just to the term  
5 "study," but you can answer.

6 BY MS. WAXMAN:

7 Q. And what was your involvement?

8 A. I don't recall the specifics. I don't  
9 recall the specifics.

10 Q. And was the study in connection with your  
11 execution of programmatic sales on behalf of Ripple?

12 MR. HANIN: Same objection.

13 MS. ZORNBERG: Object to form.

14 THE WITNESS: I believe so, yes.

15 BY MS. WAXMAN:

16 Q. And what is your understanding of the term  
17 "XRP sales opt -- optimization"? What does that  
18 mean?

19 A. I think that we were suggesting to Ripple  
20 how we might improve the net execution price.

21 Q. And how did you -- how did you suggest to  
22 them how you would do that?

23 MS. ZORNBERG: Object to form.

24 THE WITNESS: Do you want me to describe  
25 what it says in the PDF?



1 BY MS. WAXMAN:

2 Q. In your own words, please. What  
3 recommendations did you make in order to improve the  
4 execution price for XRP?

5 A. At a high level, we tried to -- what the  
6 PDF discusses are some signals that we could take in  
7 that would allow our algorithms to sell XRP at times  
8 when the price was more advantageous.

9 Q. And why did you make that suggestion to  
10 Ripple?

11 A. We were providing an execution service,  
12 and we were trying to improve the service we were  
13 providing.

14 Q. Did Ripple tell you that they wanted to  
15 improve the net execution prices for XRP?

16 MS. ZORNBERG: Objection.

17 THE WITNESS: I don't recall.

18 BY MS. WAXMAN:

19 Q. Did you recommend that Ripple switch to a  
20 more dynamic formula for selling their XRP?

21 A. In page 3, it says in bold:

22 "We propose switching from a  
23 static formula to a dynamic formula  
24 that takes into account demand for  
25 XRP and new money into the Ripple

1 network."

2 So in that context, I guess I would say  
3 yes.

4 Q. And what does it mean to switch to a  
5 dynamic formula?

6 A. You mean what is the difference between  
7 static and dynamic?

8 Q. No. What would GSR do by switching to a  
9 dynamic formula?

10 A. Again, rather than use a static amount of  
11 supply introduction, we would use signals like new  
12 money coming into the Ripple network to determine  
13 when we thought it made more sense to add supply.

14 Q. And would that also mean that as XRP price  
15 was rising, you would sell more XRP?

16 A. Not necessarily.

17 Q. Why not?

18 A. What this is describing is calibrating the  
19 sales to new capital entering the network, not to  
20 any price action.

21 Q. So if there was new supply entering the  
22 network, would you increase the sales?

23 A. I think that was the general gist of this.

24 Q. And was Ripple -- did you also suggest  
25 ways to reduce any negative pressure on XRP price?

1 A. Do you mean in this document?

2 Q. Yes.

3 A. I'd have -- I'd have to read it much more  
4 carefully, but I don't think -- specifically, no.  
5 But at a high level, improving the execution price  
6 is not very different from trying to reduce the  
7 negative pressure on something that you're trying to  
8 sell.

9 Q. Were you suggesting ways to stabilize the  
10 XRP price if it was heading in a negative direction?

11 MR. HANIN: Again --

12 MS. ZORNBERG: Objection.

13 MR. HANIN: -- in the document or  
14 generally?

15 MS. WAXMAN: In the document.

16 MS. ZORNBERG: Objection in that the SEC  
17 can point the witness towards anything it's  
18 particularly asking about. And the witness has  
19 already indicated that he hasn't taken the time to  
20 review it in detail.

21 THE WITNESS: I don't see that in this  
22 document, Daphna.

23 BY MS. WAXMAN:

24 Q. Okay. If you go to page 6 of the  
25 document, under the subheading "Increase Liquidity."



1 A. Okay.

2 Q. Were you recommending that you just  
3 increase the buying and selling on the Ledger during  
4 the time period?

5 A. The last sentence reads:

6 "In the past, increased  
7 liquidity has resulted in increased  
8 market participation and the  
9 assumption of more risk by market  
10 players - resulting in more XRP  
11 buyers."

12 So it's a statement that -- it is what it  
13 is. We're saying that in the past, when we see more  
14 liquidity, there seems to be more trading volume.  
15 And -- and I'm saying it's possible that more  
16 trading volume attracts more market participants.

17 Q. Did you recommend that Ripple increase the  
18 trading volume on the Ledger through the market  
19 making?

20 A. I don't think Ripple --

21 MS. ZORNBERG: Objection.

22 THE WITNESS: -- could have any impact on  
23 the trading volume, per se. Right? Ripple wasn't  
24 trading.

25 / /

1 BY MS. WAXMAN:

2 Q. What conclusions did -- if you  
3 see -- strike that.

4 See at page 6, there's a paragraph --  
5 subheading called "Conclusions." Can you read that  
6 into the record, please?

7 A. "Given current levels of money  
8 entering the Ripple network, it is  
9 very difficult to continue selling  
10 XRP at the current pace without  
11 affecting the value of XRP. By  
12 switching from a static selling  
13 formula to the dynamic one  
14 proposed, and adopting the improved  
15 execution measures outlined, we  
16 believe Ripple Labs can expect at  
17 least a 4 percent better execution  
18 price. More importantly, we  
19 believe this new selling formula  
20 will have a less detrimental effect  
21 on XRP price so the net cumulative  
22 effect of the daily savings will be  
23 much larger."

24 Q. So did Ripple agree to move forward with  
25 the recommendations that you proposed?

1 A. I don't think so, no.

2 Q. And why don't you think so?

3 A. Why they didn't? I don't know.

4 Q. And which specific recommendation did they  
5 not want to move forward with?

6 MS. ZORNBERG: Object to form.

7 THE WITNESS: I don't think we ever  
8 implemented this dynamic signal as a function of new  
9 money coming in.

10 BY MS. WAXMAN:

11 Q. Did you --

12 A. In fact, I know we didn't.

13 Q. Did you ever implement any other measures  
14 to get a better execution price for XRP?

15 A. I think so.

16 Q. And what measures?

17 A. I think, for example, on page 6, under  
18 "Improve Execution Price," it talks about adding  
19 other crosses. And if I remember correctly, over  
20 time we added more crosses, the same way we added  
21 more venues.

22 Q. Was there anything else you -- other  
23 measures that you implemented to improve net  
24 execution price for XRP?

25 A. At a high level, we -- we do a lot of



1 execution services, and the quanting that I was  
2 referring to earlier is constantly working on  
3 fine-tuning and improving our [REDACTED] so that we  
4 can provide best execution for all of our clients,  
5 not just Ripple. So at a high level, it doesn't  
6 stop. It's a continuous effort.

7 Q. With respect to Ripple, and at this time  
8 period, were there any other -- which is at the end  
9 of 2015, were there any other measures that you  
10 implemented in connection with improving net  
11 execution for XRP?

12 A. Similarly, back then we didn't have as big  
13 of a quant team, but we were always fine-tuning our  
14 [REDACTED]. So it is possible that we made changes  
15 to the [REDACTED] so that we could do a better job for our  
16 clients.

17 Q. And was there any specific change that you  
18 recall that was specific to Ripple?

19 MS. ZORNBERG: Object to form.

20 THE WITNESS: I don't recall. I'm sorry.

21 BY MS. WAXMAN:

22 Q. At the bottom of page 6, it says "Non-2t/s  
23 Related Measures."

24 Is this also a recommendation that you've  
25 made in connection with your -- in connection with

1 improving the net execution price of XRP?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: No.

4 BY MS. WAXMAN:

5 Q. Why do you say no?

6 A. Because these related measures don't  
7 relate to net execution price.

8 Q. Right. I understand that these measures  
9 were not something that you could incorporate as  
10 part of an [REDACTED], but my question is, did you  
11 also make this recommendation to improve net  
12 execution prices?

13 MS. ZORNBERG: Objection. Asked and  
14 answered.

15 THE WITNESS: No, it wasn't to improve net  
16 execution price.

17 BY MS. WAXMAN:

18 Q. What was the recommendation that you made  
19 under that subheading?

20 A. In point number 1, we suggest publicizing  
21 that Gatehub was operating a new gateway because  
22 [REDACTED] had ceased operations.

23 And in point number 2, we're talking about  
24 the -- the Ripple desktop client, which is what many  
25 people in the community use to access the consensus

1 Ledger.

2 Q. In point number 1, the second sentence  
3 says:

4 "In our view, the most  
5 important factor for improving XRP  
6 price is the available money in the  
7 RN."

8 RN is Ripple network?

9 A. Correct.

10 Q. Then it says:

11 "As such, any efforts to allow  
12 investors/traders to deposit funds  
13 in the RN should be pursued."

14 Are you talking about investors in XRP  
15 when you talk about available money in the Ripple  
16 network?

17 A. No. No. I appreciate it says investors  
18 and traders, but I think what -- it would have been  
19 more accurate to say market participants.

20 Q. And when you say "market participants," do  
21 you mean people who would buy and sell XRP?

22 A. Yes.

23 Q. And why did you think that would lead to a  
24 better net execution price for XRP?

25 A. I didn't say that it was going to lead to



1 a better net execution price. I said -- here  
2 it's -- the gist of this is different. The idea  
3 is -- I'm sure you're familiar that Ripple Consensus  
4 Ledger had gateways, and the gateways would allow  
5 market participants to enter and interact with the  
6 Ledger. So what we're saying here is the more  
7 gateways there are, the more people who can interact  
8 with the Ledger and use Ripple.

9 Q. You use the word "investors" and  
10 "traders." Are you saying that investors and  
11 traders mean gateways?

12 MS. ZORNBERG: Object to form. Misstates  
13 the witness's prior testimony. He said he  
14 participated in preparing this document. He didn't  
15 say he wrote it. You're using the word "you."

16 THE WITNESS: As I said, I think instead  
17 of investors and traders, it should have read  
18 "market participants." This is connected to what we  
19 discussed earlier about adoption. With a new  
20 technology, you need to make it available for people  
21 to use, and back in -- whenever this was, 2015, I  
22 believe, it wasn't easy to access Ripple. And  
23 all -- I think what this statement is getting at is  
24 that the more gateways there are, the more people  
25 who can actually use Ripple.

1 BY MS. WAXMAN:

2 Q. And are the more gateways and the more  
3 people who use Ripple, did you think that would lead  
4 to an improved XRP price?

5 A. In the context that as more users come in  
6 and want to use it, as they come in and they  
7 purchase XRP, the price will probably react  
8 favorably.

9 MS. ZORNBERG: If I may, just one point of  
10 clarification. The witness testified that the more  
11 people who use Ripple. Can we just clarify, did he  
12 mean --

13 MR. TENREIRO: You can ask him, Lisa. You  
14 can ask him. He's talking about what he  
15 understands.

16 MS. ZORNBERG: Okay.

17 MR. TENREIRO: I know you don't like it.  
18 You can ask him --

19 MS. ZORNBERG: It's nicer to clean it up  
20 here because if the term "Ripple" is used to  
21 describe Ripple Ledger, Ripple network, Ripple Labs  
22 the company --

23 MR. TENREIRO: Lisa --

24 MS. ZORNBERG: -- I think it's  
25 appropriate.

1 MR. TENREIRO: -- stop.

2 Go on.

3 MS. ZORNBERG: Okay. We can ask later.

4 I'm sorry you don't want a clear transcript.

5 MR. TENREIRO: It's clear. He sees it as  
6 one thing. That's -- it's pretty clear.

7 MS. ZORNBERG: Disagree.

8 MR. TENREIRO: Okay. Then ask him the  
9 questions.

10 MS. ZORNBERG: Will do.

11 BY MS. WAXMAN:

12 Q. How were Ripple's sales targets set?

13 MS. ZORNBERG: Object to form.

14 THE WITNESS: Who sets the targets?

15 BY MS. WAXMAN:

16 Q. Who set them?

17 A. Ripple sets the targets.

18 Q. And how were -- and how were they set?

19 A. I think over time, it hasn't -- you know,

20 I think -- if I remember correctly, in the

21 beginning, the first several weeks or months, we

22 might have -- I think there may have been dollar

23 targets. And then over time, it moved to be a

24 function of the real [REDACTED] of XRP.

25 Q. And were there dollar targets and



1 percentage targets, were those used at the same  
2 time?

3 MS. ZORNBERG: Object to form.

4 THE WITNESS: I don't think so. I don't  
5 recall it being that way.

6 BY MS. WAXMAN:

7 Q. And -- and how did Ripple determine what  
8 percentage to sell on a particular exchange?

9 MR. HANIN: Objection.

10 THE WITNESS: You mean on an absolute  
11 basis or one exchange relative to another exchange?

12 BY MS. WAXMAN:

13 Q. Let's start with one exchange relative to  
14 another exchange?

15 MS. ZORNBERG: Objection. Lack of  
16 foundation.

17 THE WITNESS: I think the sales were a  
18 function of the -- of the total trading volume. So  
19 if one exchange had twice as much total trading  
20 volume as another exchange, that exchange -- the  
21 first exchange would have twice as many sales.

22 BY MS. WAXMAN:

23 Q. Did they sell the same percentage of XRP  
24 on every exchange?

25 A. No.

1 MS. ZORNBERG: Object to form.

2 THE WITNESS: By definition, the amount of  
3 XRP that would be sold at any given exchange would  
4 be proportional to the total trading volume of XRP  
5 on that exchange relative to the rest.

6 BY MS. WAXMAN:

7 Q. Okay. Now, going back to something we  
8 spoke about earlier, did you ever make a  
9 recommendation to Ripple to reduce its sales as a  
10 percentage of total trading volume?

11 A. Yes.

12 Q. Okay. And why would you make that  
13 recommendation?

14 MS. ZORNBERG: Object to form.

15 THE WITNESS: Why would we have  
16 recommended Ripple reduce sales? I presume it would  
17 have been during a moment in time when the adverse  
18 market conditions. As I'm sure you're aware of,  
19 there's been a lot of volatility in crypto over the  
20 years, and times when the market is -- is, you know,  
21 very soft and everybody is looking to take risk off,  
22 it doesn't make sense to add supply.

23 BY MS. WAXMAN:

24 Q. Was the recommendation in order for  
25 Ripple's sales not to have an impact on XRP price?

1           A.    I'm not really -- that's -- that isn't  
2 exactly correct. You know, when you sell something  
3 or you add supply, chances are you are going to  
4 impact the price, right? The opposite is true when  
5 you're buying.

6           Q.    But my question is, why would you make  
7 that recommendation to Ripple to reduce its sales as  
8 a percentage of total trading volume?

9           MS. ZORNBERG: Object to form and asked  
10 and answered.

11           MS. WAXMAN: I don't think he answered the  
12 question.

13           MS. ZORNBERG: And object to "would."

14           THE WITNESS: I think there is a --  
15 liquidity in crypto has developed over the years.  
16 It's still -- compared to traditional finance,  
17 there's a lot less liquidity in crypto than there is  
18 in traditional finance. And particularly back in  
19 2015 and 2016, when you look at the notional value  
20 of Ripple's XRP holdings versus the available  
21 liquidity in the market, it just didn't seem like a  
22 sensible thing to do to continue selling. You know,  
23 when the market is very weak, it doesn't make sense  
24 to be hammering it and adding supply. It's not  
25 constructive.



1 BY MS. WAXMAN:

2 Q. So would the increased supply have a  
3 negative impact on the price?

4 A. Typically, when you add supply of  
5 anything, you know, this is economics 101, right?

6 Q. So that -- so -- and so you thought that  
7 by adding supply into the market, Ripple could  
8 negatively impact XRP price?

9 MS. ZORNBERG: Object to form.

10 THE WITNESS: I mean, yes.

11 BY MS. WAXMAN:

12 Q. And when you thought that, you recommended  
13 that Ripple reduce its sales as a percentage of  
14 total trading volume?

15 A. Yes.

16 Q. Did you ever recommend that Ripple pause  
17 its XRP sales?

18 A. Yes.

19 Q. And did you make that recommendation for  
20 the same reason that you made the recommendation to  
21 reduce the percentages?

22 A. In all likelihood.

23 Q. Did you ever recommend that Ripple  
24 increase the percentage of its sales?

25 A. I don't recall. It's possible.

1 Q. And why would you make that  
2 recommendation?

3 MR. HANIN: Objection.

4 THE WITNESS: If I made it, probably for  
5 the opposite reason. In a time when there is  
6 increased liquidity and good price action.

7 BY MS. WAXMAN:

8 Q. And would that allow Ripple to extract  
9 more dollars from their sales?

10 A. If they sell --

11 MS. ZORNBERG: Object to form.

12 THE WITNESS: -- one unit of XRP at a  
13 higher price, by definition, it will result in  
14 higher dollars.

15 BY MS. WAXMAN:

16 Q. And if there was a higher trading volume  
17 and they increased the percentage, would that also  
18 allow them to sell more?

19 If the --

20 MS. ZORNBERG: Object to form.

21 THE WITNESS: Again, if the sales are a  
22 function of trading volumes and trading volumes are  
23 higher, then by definition more XRP will be sold, so  
24 more dollars will be received.

25 / /

1 BY MS. WAXMAN:

2 Q. And did you ever make this recommendation  
3 to Ripple?

4 MR. HANIN: Objection.

5 THE WITNESS: Which recommendation?

6 BY MS. WAXMAN:

7 Q. To increase the percentage of its sales.

8 A. As I said earlier, it's possible. I don't  
9 recall.

10 MS. WAXMAN: Exhibit 23, please.

11 (Whereupon, Deposition Exhibit [REDACTED] 23  
12 was marked for identification.)

13 MR. HANIN: Thank you.

14 BY MS. WAXMAN:

15 Q. Mr. [REDACTED] I'm showing you what's been  
16 marked as Exhibit [REDACTED] 23, which is a document with  
17 the Bates number GSR\_1999, and it's an email from  
18 you to employees at Ripple and [REDACTED] dated  
19 October 11th, 2016. It's an email chain.

20 Is this an example of a time where you  
21 recommended that Ripple increase the percent of its  
22 sales in connection with an increase in price in  
23 XRP?

24 A. I'm not sure. It says;

25 "Bot 2t was adjusted back to



1 [REDACTED] "

2 So perhaps --

3 Q. I want you to focus on the bottom email,  
4 the email at 1640.

5 A. Yeah.

6 Q. Can you read what you wrote, into the  
7 record, in that bottom email?

8 A. "Good morning all, XRP prices have  
9 increased significantly overnight. We believe it is  
10 due to erroneous CoinMarketCap reporting, likely  
11 aided by a glitch in Ripple charts. Since volumes  
12 remain strong, and there seems to be significant  
13 buying interest, we are increasing 2t's XRP  
14 introduction rate in order to extract more USD."

15 Q. So is this an example of a time where you  
16 recommended that Ripple increase the percent of its  
17 sales in relation to an increase in XRP price?

18 A. Well, the reason I was -- as you can see  
19 in the beginning of the email, when I say, "Bot t  
20 was -- 2t was adjusted back to [REDACTED] " it's  
21 possible that the baseline rate was [REDACTED] and we had  
22 dropped below that [REDACTED] because of adverse market  
23 conditions. And then on October 10th at 1640,  
24 market conditions are good again, so we bring it  
25 back up to the [REDACTED]. I don't know if

1 we were going above the baseline or just coming back  
2 to it.

3 Q. The -- my understanding is the bottom  
4 email occurred, the increase occurred before the top  
5 email. So the top email is from October 11th and  
6 the bottom email is on October 10.

7 So first there's an increase, and then  
8 going back.

9 MS. ZORNBERG: Objection.

10 THE WITNESS: I don't -- I can't -- I  
11 don't know. 6:30 p.m. Pacific is 3:30 a.m.

12 BY MS. WAXMAN:

13 Q. Regardless of whether -- regardless of the  
14 starting point, if you were going above baseline or  
15 just coming back into it, you were recommending an  
16 increase, correct?

17 A. Correct.

18 Q. Okay. And the increase was related to an  
19 increase in XRP price?

20 MS. ZORNBERG: Objection. Misstates the  
21 document.

22 THE WITNESS: It references volumes and  
23 prices.

24 BY MS. WAXMAN:

25 Q. So in your -- in your own words, after

1 reading this email, why did you make the  
2 recommendation to increase the percent?

3 MR. HANIN: Object. Same objection.

4 THE WITNESS: High level, as it says in  
5 the email, XRP prices have increased significantly  
6 overnight. Volumes remain strong. There seems to  
7 be significant buying interest.

8 All of these factors point to a recovery  
9 in market conditions.

10 BY MS. WAXMAN:

11 Q. And this would allow Ripple to extract  
12 more USD?

13 A. It would -- if we increase the sales of  
14 XRP and the price of XRP has gone up, by definition,  
15 the rate of dollars will go up too.

16 Q. And was that something that Ripple wanted  
17 to do?

18 MS. ZORNBERG: Object to form.

19 THE WITNESS: When you say "Ripple wanted  
20 to do," they wanted to -- can you be a bit more  
21 specific?

22 BY MS. WAXMAN:

23 Q. To extract more USD from its sales of XRP.

24 A. I'm not sure I would characterize it like  
25 that. This is more us trying to help get a better



1 execution price.

2 Q. So you were trying to extract more USD on  
3 behalf of Ripple?

4 A. We were trying -- yes. We were trying  
5 to -- exactly.

6 Q. And did Ripple tell you to do that?

7 A. I think I answered that question earlier.  
8 I don't recall them specifically asking me to do  
9 that, but it's my understanding that when I am the  
10 execution agent, I try to provide our client -- we  
11 try to provide our clients with the best possible  
12 execution.

13 Q. That's your function?

14 A. (Nods head.)

15 MR. HANIN: Objection.

16 BY MS. WAXMAN:

17 Q. Have you ever used the term "tactical  
18 selling"?

19 A. I believe so.

20 Q. And what does that mean?

21 A. Tactical refers to something that is done  
22 in, you know, discrete moments in time.

23 Q. And what is the purpose of -- of doing  
24 trading -- is it trading in discrete moments in  
25 time?

1           A.    It can refer to anything.  But yeah, I  
2   guess it refers to trading in discrete moments in  
3   time.

4           Q.    Okay.  And would you ever recommend that  
5   Ripple engage in tactical selling of XRP?

6           MS. ZORNBERG:  Object to form.

7           THE WITNESS:  Would I ever recommend or  
8   did I ever?

9   BY MS. WAXMAN:

10          Q.    Did you ever recommend that Ripple engage  
11   in any tactical selling of its XRP?

12          A.    I don't recall.

13          Q.    And if you did, what would you mean by  
14   that?

15          MS. ZORNBERG:  Objection to the  
16   speculative nature of the question.

17   BY MS. WAXMAN:

18          Q.    What is the purpose of tactical selling?

19          A.    In general, in a general context, somebody  
20   might engage in tactical selling because market  
21   conditions have changed, and there's an opportunity  
22   to take advantage of the change in the conditions.

23          Q.    So the opportunity would -- you would have  
24   an opportunity to extract a higher price from the  
25   sales?

1           A.   Potentially.  If you were doing a selling  
2   program, yes, that would -- that could be one of the  
3   goals.

4           Q.   Okay.

5           MS. WAXMAN:  Exhibit 20, please.

6           MR. HANIN:  Daphna, we've been going well  
7   over an hour and a half.  Whenever is a good time  
8   for a break.

9           MS. WAXMAN:  Let's take a break now.

10          We're off the record.

11          THE VIDEOGRAPHER:  We're off the record at  
12   9:57 a.m.

13          (Whereupon, a recess was taken.)

14          THE VIDEOGRAPHER:  We're going back on the  
15   record at 10:11 a.m.

16          BY MS. WAXMAN:

17          Q.   Mr. [REDACTED] I want to circle back to a topic  
18   we were talking about, just briefly, the market  
19   making in the early period of 2013 and 2014.

20               With respect to the market making  
21   activities that GSR conducted at that time on the  
22   Ripple consensus network [sic], is it fair to say  
23   that on a very basic level, the service that GSR was  
24   providing was simply buying and selling XRP?

25          MS. ZORNBERG:  Object to form, and you



1 said "Ripple consensus network."

2 BY MS. WAXMAN:

3 Q. Ripple Consensus Ledger.

4 A. It wasn't just XRP, though. As I  
5 mentioned earlier, we traded multiple crosses and  
6 sometimes those crosses didn't have XRP.

7 BY MS. WAXMAN:

8 Q. Were you trading XRP -- those other  
9 crosses, in the same percent that you were trading  
10 XRP?

11 A. I don't recall. On a general -- at a high  
12 level, if we were trading, let's say, eight crosses,  
13 and the balance shifted too much from one side to  
14 the other, a way to rebalance our assets might have  
15 been by using another cross. So depending on the  
16 day, those ratios could move a lot.

17 Q. The trading in the other crosses, but were  
18 they all related to buying and selling XRP?

19 A. Not really, because if I remember  
20 correctly, you know, we were supposedly to provide  
21 liquidity on a number of crosses. I don't think --  
22 I'm not sure that they all had XRP in them, you know  
23 what I mean?

24 MS. WAXMAN: Okay. Exhibit 20, please.

25 / /

1 (Whereupon, Deposition Exhibit [REDACTED]-20  
2 was marked for identification.)

3 BY MS. WAXMAN:

4 Q. Mr. Gil, I'm showing you what's been  
5 marked as [REDACTED]-20, which is a document with the Bates  
6 GSR4553 through -555. It's an email string where  
7 you're copied on from September 20th, 2016 and  
8 September 21st, 2016.

9 Just take a moment to read the email and  
10 let me know when you're done.

11 At a very high level, was Ripple directing  
12 GSR to purchase XRP, in this email chain?

13 A. Yes.

14 MS. ZORNBERG: Objection.

15 BY MS. WAXMAN:

16 Q. Okay. And what was the purpose of having  
17 GSR purchase XRP?

18 MS. ZORNBERG: Objection to misstatement  
19 of the document.

20 THE WITNESS: I don't know. On page -- on  
21 the second page, [REDACTED] writes:

22 "The goal is not price impact  
23 but volume."

24 But I don't know what Ripple was thinking.

25 I don't know if what [REDACTED] wrote corresponded to

1 what Ripple was thinking.

2 BY MS. WAXMAN:

3 Q. Okay. Outside of this document, separate  
4 and apart from the document, earlier you -- strike  
5 that.

6 Earlier you testified that during the --  
7 at the time that GSR was executing programmatic  
8 sales, you also purchased XRP on behalf of Ripple.

9 A. There were times when, yes.

10 Q. Okay. And at a very high level, what was  
11 the purpose of those -- of the buying?

12 MS. ZORNBERG: Object to form.

13 THE WITNESS: At a high level, why was  
14 Ripple instructing us to buy XRP? What was the  
15 underlying reason why they wanted to buy it back?

16 MS. WAXMAN: Correct.

17 MS. ZORNBERG: And what's the point in  
18 time?

19 MS. WAXMAN: We just established that this  
20 was during the period that GSR was engaging in  
21 programmatic sales.

22 THE WITNESS: It's -- yeah.

23 MS. ZORNBERG: Objection.

24 THE WITNESS: I can't say with any  
25 certainty why Ripple was choosing to buy back at the



1 given moment in time.

2 BY MS. WAXMAN:

3 Q. Did they tell you what the purpose of the  
4 buying was?

5 A. Not that I can recall. I mean, I can see  
6 what [REDACTED] wrote on that email, but ...

7 Q. Separate and apart from this email, did  
8 you have any understanding why Ripple was directing  
9 GSR to buy XRP?

10 MS. ZORNBERG: Objection. Do you want to  
11 fix a time?

12 MS. WAXMAN: We're talking about, and I've  
13 clarified twice already that we're talking about the  
14 period in which GSR was executing programmatic  
15 sales. That hasn't changed from two questions ago.  
16 That's the time period.

17 MS. ZORNBERG: Objection. I think you  
18 need to fix a time based on the witness's response.

19 BY MS. WAXMAN:

20 Q. Do you understand the question?

21 A. Yes, Daphna. And similarly to earlier  
22 when I described -- you asked me about why Ripple  
23 wanted to sell XRP and I said it could be for any  
24 number of reasons. The same thing applies here.  
25 They -- I have no way of knowing why Ripple would

1 want to buy more XRP. It could be because they have  
2 a view on -- it's a proprietary trade, right?  
3 They're buying something that they think is going to  
4 go up in value. It could be because they needed  
5 more XRP for some other function. I have no idea.

6 Q. Did Ripple ever tell you that the purpose  
7 of the buying was to stabilize XRP's price?

8 A. It's possible, yes.

9 Q. Did you have any conversations in which  
10 Ripple relayed that to you?

11 A. I'm trying to remember. At a high level,  
12 we were -- as I described earlier, there's this big  
13 disconnect, right, between the available liquidity  
14 in the market and the notional value of XRP  
15 outstanding. And -- and a big part of -- I think an  
16 important part of -- of the sales program was to do  
17 it in a constructive and measured manner so that it  
18 was something that was sustainable over time.

19 We tried to have fair and orderly markets.  
20 So, you know, it stands to reason that if -- if  
21 there are very adverse market conditions, we would  
22 slow down the selling. At the limit you could say  
23 that if the market was in free fall, perhaps it made  
24 sense to step in and be a buyer, 'cause you are, you  
25 know, a liquidity provider.

1 Q. And by buying, would you prevent the  
2 market from falling further?

3 A. That would depend on --

4 MS. ZORNBERG: Objection.

5 THE WITNESS: It would depend on how much  
6 capital you had to buy, obviously. You know, if --  
7 you can step in and bid X amount, but once you've  
8 been sold X amount, if there are more sellers, the  
9 price will continue going down.

10 BY MS. WAXMAN:

11 Q. Putting aside whether the buying actually  
12 would result in the desired effect, was it the --  
13 was the purpose to prevent the market from falling  
14 further?

15 A. It's --

16 MS. ZORNBERG: Object to form.

17 THE WITNESS: Like I said, it's possible  
18 that that was the objective, but I can't know with  
19 any certainty that that's -- any given instant  
20 that's why they were doing it.

21 BY MS. WAXMAN:

22 Q. Did they ever tell you that's why they  
23 were doing it at any point in time?

24 MS. ZORNBERG: Objection.

25 THE WITNESS: I don't recall. It's



1 possible.

2 BY MS. WAXMAN:

3 Q. Did you ever recommend that Ripple  
4 purchase for that reason?

5 A. Probably, yes --

6 Q. Okay.

7 A. -- because it's --

8 Q. And did you ever recommend that Ripple  
9 purchase XRP in the market in order to increase the  
10 price of XRP?

11 MS. ZORNBERG: Objection.

12 THE WITNESS: To increase the price of  
13 XRP? That's possible.

14 BY MS. WAXMAN:

15 Q. Did Ripple ever direct you to purchase in  
16 order to increase the price of XRP?

17 A. I don't recall them -- not the way you  
18 phrased it, no.

19 Q. Do you recall it in any other phrasing?

20 MS. ZORNBERG: Objection. I think you  
21 have to ask the question.

22 MS. WAXMAN: I just did.

23 MS. ZORNBERG: Objection to form.

24 THE WITNESS: I don't recall Ripple asking  
25 me -- asking us to make the price of XRP go up, if

1 that's the question.

2 BY MS. WAXMAN:

3 Q. Okay. And do you recall any other -- what  
4 reasons did Ripple give you for them -- for wanting  
5 to buy XRP?

6 A. Like I said earlier, I don't think that  
7 they gave me any reasons. We were an execution  
8 agent. We were -- if Ripple said sell, we would  
9 sell. They didn't necessarily have to give us any  
10 reasons.

11 THE VIDEOGRAPHER: You're covering --

12 THE WITNESS: Oh, I'm sorry.

13 BY MS. WAXMAN:

14 Q. Did you ever recommend that Ripple  
15 purchase XRP in order to create an appearance of an  
16 active trading market?

17 MS. ZORNBERG: Object to form.

18 THE WITNESS: I don't think so. No. I  
19 mean, what do you mean when you say "an appearance"?

20 BY MS. WAXMAN:

21 Q. Did Ripple -- did Ripple ever instruct you  
22 to buy XRP in order to increase the number of trades  
23 in XRP?

24 MS. ZORNBERG: Object to form.

25 THE WITNESS: I don't think so. I don't

1 really understand the question, though. It's ...

2 BY MS. WAXMAN:

3 Q. Okay. That's fair.

4 Going back to the document on the last  
5 page, last email, are they recommending -- or are  
6 they talking about buying XRP after a Ripple  
7 announcement?

8 A. In point 2, it says:

9 "Current thinking is that we  
10 should use our full [REDACTED] in  
11 the first 24 hours post  
12 announcement on Thursday."

13 So I -- it is possible, yes.

14 Q. Okay. And other than this instance, did  
15 Ripple instruct GSR to purchase XRP following  
16 certain announcements?

17 A. I -- I don't recall, Daphna. It's  
18 possible.

19 Q. And did you have an understanding why they  
20 would want to purchase XRP following an  
21 announcement?

22 A. Do I know why specifically? No, I don't  
23 know why.

24 Q. And would this -- are they referring to a  
25 Ripple announcement?



1 MR. HANIN: Object to form.

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: I have no idea.

4 BY MS. WAXMAN:

5 Q. At the second -- at the top of the page,  
6 at the -- your next email, at the very -- at 12:14,  
7 at the very end of the email, you say:

8 "I would recommend increasing  
9 the buying size in order to improve  
10 the chances of having a lasting  
11 effect on XRP prices."

12 Is that why you made the recommendation?

13 A. What recommendation?

14 Q. Increasing the buying size.

15 A. So what is the question?

16 Q. Did you want to increase the buying size  
17 in order to have a lasting effect on XRP price?

18 MR. HANIN: Objection.

19 THE WITNESS: I think -- I'm guessing, and  
20 I -- again, it's speculation because I don't know  
21 what was happening on or around September 20th,  
22 2016. But this is -- what we discussed earlier, in  
23 a market that is -- I'm guessing that the market had  
24 been trading very softly. When somebody steps in to  
25 buy to provide support to the market, what they are

1 hoping is to stop this free fall, right? So to have  
2 a lasting effect ...

3 BY MS. WAXMAN:

4 Q. Okay. Going to [REDACTED]'s email in the  
5 middle of the page, she writes, at the very last  
6 sentence:

7 "Just to reiterate following  
8 our last call, the goal is not  
9 price impact but volume."

10 What did you understand that to mean?

11 A. I have no idea what I understood it to  
12 mean back then, but even now, it's not clear to me.  
13 She's saying "the goal is not price impact but  
14 volume." Volume of XRP trading, that particular  
15 cross on any given exchange? I have no idea.

16 Q. Did she want to increase the volume of XRP  
17 trading at the time?

18 MS. ZORNBERG: Objection. Asked and  
19 answered.

20 THE WITNESS: Again, I -- all I know is  
21 what she wrote here, and I'm not sure what she means  
22 when she says "volume," because it could refer to  
23 any number of different things.

24 BY MS. WAXMAN:

25 Q. And what could it refer to?

1           A.    It could be the volume of XRP trading  
2   against a particular cross, on a specific exchange,  
3   in general.

4           Q.    Could it mean all of those things?

5           A.    And many more.  I mean, it's completely  
6   undefined.

7           Q.    Well, other than the two things you  
8   mentioned, could it mean anything else?

9           MR. HANIN:  Objection.

10          THE WITNESS:  I mean, I guess I don't  
11  understand the question.

12          MS. WAXMAN:  Okay.  Exhibit 22, please.

13          (Whereupon, Deposition Exhibit [REDACTED]-22  
14   was marked for identification.)

15          THE WITNESS:  Thank you.

16   BY MS. WAXMAN:

17          Q.    Mr. [REDACTED] I'm showing you what's been  
18   marked as Exhibit [REDACTED]-22 which has the Bates GSR\_9169  
19   through -9175.  I'm only going to ask you about the  
20   very top email on the first page, but feel free to  
21   take a look at the entire document.

22                At the very bottom of the email -- first  
23   of all, what is this email about?

24          A.    Well, the first sentence -- well, the  
25   subject says "Rebate Program," but I mean I haven't



1 read the whole thing. The first sentence says: "We  
2 thought the bug that allowed unfunded offers to be  
3 posted had been fixed months ago."

4 I'd have to read the whole email to  
5 remember what that bug was.

6 Q. Were you expressing a concern about XRP  
7 price in the email?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: In the second paragraph, I  
10 say:

11 "I am very concerned that the  
12 price of XRP will continue to fall  
13 tomorrow."

14 That kind of implies the price of XRP was  
15 on a downward trajectory.

16 BY MS. WAXMAN:

17 Q. Were you concerned that accumulative  
18 selling by Bots 2, 4 and 6 would further depress the  
19 price?

20 A. Yes, in the next sentence I say that.

21 "Cumulative effect of Bots 2,  
22 4 and 6 are probably took much for  
23 the market to handle right now."

24 Q. And was Bot 2 related to Ripple's sales?

25 A. Correct.

1 Q. And was Bot 4 related to sales by someone  
2 else?

3 A. Correct.

4 Q. And whose sales?

5 A. I believe Bot 4 is Chris Larsen.

6 Q. And what about Bot 6, whose sales were  
7 related to that?

8 A. I believe that's Rippleworks.

9 Q. And did you meet -- as a result of these  
10 concerns, did you make a recommendation to Ripple?

11 A. I mean --

12 MS. ZORNBERG: Objection to form. Are you  
13 asking him to interpret the email or if he has an  
14 independent recollection, asking him to read the  
15 email?

16 BY MS. WAXMAN:

17 Q. In the email, do you make a  
18 recommendation?

19 A. The email says:

20 "As I said to [REDACTED]  
21 yesterday, I think the potential  
22 damage from selling now outweighs a  
23 positive effect of purchasing the  
24 400K tranche in a few weeks."  
25 So I guess I am implying that maybe it

1 doesn't -- that we should -- the sales should be  
2 reduced. It's not very explicit.

3 Q. Or the sales should be paused?

4 A. Actually, in the next paragraph, it says:

5 "As such, we would recommend  
6 delaying the XRP sales."

7 Q. And then at the very bottom, the last  
8 sentence says:

9 "It's important that we  
10 establish higher trading prices  
11 after all this positive news."

12 A. Mh-hmm.

13 Q. What did you mean by that?

14 A. I think -- I don't mean we in the context  
15 of GSR or Ripple or any -- I just mean like the  
16 broader "we." We see higher prices.

17 Q. Well, it says we established. When you're  
18 talking about "we" -- who are you talking about  
19 establishing higher prices?

20 A. That's what I'm saying. I'm not saying  
21 that we or Ripple or any of us have the ability to  
22 establish higher prices. I think what we're  
23 referring to is we, the market as a whole, get to  
24 see higher prices.

25 Q. Are you recommending the buying in order



1 to establish higher prices?

2 A. No, I don't think so.

3 Q. Well --

4 A. I think what was -- what should be written  
5 there, instead of "we establish" is that "we  
6 observe."

7 Q. Okay. And why should that have been  
8 written instead of "we established"?

9 A. Because this can lead to  
10 misinterpretation. I wouldn't want anybody to think  
11 that we, ourselves, were going to establish some  
12 kind of a price.

13 Q. Why would you care to observe higher  
14 trading prices?

15 A. A lot of the market chatter analysis in  
16 crypto is technical analysis, right, where people  
17 look at different levels. And this .006, that's  
18 sixth-tenths of a penny, for XRP I think was an  
19 important technical level. You know, support,  
20 resistance, those types of things.

21 Q. So --

22 A. I get -- what I was trying to say in this  
23 last sentence is, we want to have a constructive  
24 market for XRP. That .006 level is an important  
25 support level. So I think it's good for all -- you

1 know, it would be good for us to observe that XRP  
2 holds that support level.

3 Q. And important for whom?

4 A. Like the market ecosystem. You know, to  
5 illustrate this, in crypto, market participants tend  
6 to have very short attention spans, and they're very  
7 quick to call a digital asset a failed project if  
8 the price action isn't what they expected it to be.  
9 So that's why -- that's all I'm saying.

10 Q. And market participants, would that also  
11 include people who are buying and selling XRP?

12 A. Yeah. Of course.

13 Q. Are speculators in XRP's price part of the  
14 market -- part of whom you would include within the  
15 group of market participants?

16 MR. HANIN: Objection.

17 THE WITNESS: Yes. Like any market for  
18 anything.

19 BY MS. WAXMAN:

20 Q. Were you specifically talking about XRP  
21 speculators when you were talking about --

22 A. No.

23 Q. -- when you were referencing people in  
24 this email?

25 A. No, not at all.

1 MS. WAXMAN: Exhibit 27, please.

2 (Whereupon, Deposition Exhibit [REDACTED] 27  
3 was marked for identification.)

4 BY MS. WAXMAN:

5 Q. Mr. [REDACTED], we're showing you what's been  
6 marked as [REDACTED] 27, which is a document GSR\_356 through  
7 357. It's an email chain from mid October 2016 that  
8 includes you.

9 Are you done?

10 A. Yes.

11 Q. Going back to the prior email just for one  
12 moment, Exhibit 22, the concern that you were  
13 talking about in the prior email, was that related  
14 to any support in connection with xRapid?

15 MS. ZORNBERG: Objection.

16 THE WITNESS: I'm sorry?

17 BY MS. WAXMAN:

18 Q. The concern that you were talking about in  
19 Exhibit 22, did that have anything to do with GSR's  
20 support of any Ripple products such as xRapid?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I don't think so, because  
23 this is from October 2016, and xRapid -- we didn't  
24 start servicing xRapid until a couple years later, I  
25 think.



1 BY MS. WAXMAN:

2 Q. Okay. Now, we can go back to Exhibit 27.

3 Going back to Exhibit 27 and to [REDACTED]  
4 email at the very back page, is this an example of  
5 Ripple directing -- telling GSR that they'd like to  
6 increase their XRP sales following an announcement?

7 A. There's some typos, but I think [REDACTED] is  
8 saying -- on the second to last sentence, it says:

9 "We don't want to depress the  
10 rally but rather capitalize on the  
11 additional volume."

12 (Reporter clarification.)

13 THE WITNESS: So I guess to answer your  
14 question, it sounds like that, yes, they are trying  
15 to take advantage of the fact that there are higher  
16 volumes.

17 BY MS. WAXMAN:

18 Q. And were they doing that because they  
19 thought they could extract more money from sales at  
20 that time?

21 A. I presume so, because in the next  
22 sentence, it says: "As before, if you see the  
23 change" -- but I think she meant chance -- "to take  
24 the money -- more money off the table, please do  
25 so."

1 Q. Did you understand what she meant by being  
2 opportunistic?

3 A. I have no idea what I thought of when I  
4 read this four -- five years ago.

5 Q. Did GSR increase its sales following the  
6 announcement based on Ripple's direction?

7 MS. ZORNBERG: Object to form.

8 THE WITNESS: I presume we did. Just from  
9 reading the reply in the email. I don't --  
10 obviously, I don't remember what we did five years  
11 ago.

12 MS. WAXMAN: Exhibit 29, please.

13 Q. Mr. [REDACTED] I'm showing you what's been  
14 marked as [REDACTED] 29, which is an email with the Bates  
15 GSR\_4966 through -4970.

16 (Whereupon, Deposition Exhibit [REDACTED]-29  
17 was marked for identification.)

18 MS. WAXMAN: Please take a look at it and  
19 let me know when you're done.

20 THE WITNESS: Should I read the whole  
21 thing?

22 BY MS. WAXMAN:

23 Q. Yes.

24 Going back to the prior email, just for  
25 one second, Exhibit 27, we were just talking about

1 the announcement.

2 Did you understand that based on the  
3 instruction from Ripple, was the -- did they  
4 understand that it would be a positive announcement  
5 for Ripple?

6 MS. ZORNBERG: Objection to form.

7 THE WITNESS: I would guess so, yeah.

8 BY MS. WAXMAN:

9 Q. Okay. Now --

10 A. It wouldn't make sense to increase sales  
11 if the announcement was negative.

12 Q. Okay. Now, going back to Exhibit 29, do  
13 you know what the exhibit is about?

14 A. I'm not certain. I -- I -- I'm guessing  
15 the clue is when Patrick writes at 1454 on the 1st  
16 of November:

17 "I'm only seeing positive  
18 sentiment on the news: General  
19 feeling seems to be that Ripple is  
20 doing well for Chris to take this  
21 move."

22 I'm guessing it was that Chris Larsen  
23 announced that he was going to become chairman.

24 Q. So was Ripple talking about the market's  
25 reaction to that announcement that Mr. Larsen was



1 stepping down as CEO?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: I suspect that that's what  
4 this whole thread is about, yes.

5 BY MS. WAXMAN:

6 Q. And did -- did Ripple direct --  
7 did -- strike that.

8 Did Ripple -- was Ripple concerned that  
9 that news would have a negative impact on the  
10 market?

11 MS. ZORNBERG: Object to form.

12 THE WITNESS: I don't recall, but from  
13 reading this thread, it would seem that way.

14 BY MS. WAXMAN:

15 Q. And did Ripple direct GSR to buy XRP  
16 should the announcement cause a decline in your XRP  
17 price?

18 MS. ZORNBERG: Object to form.

19 THE WITNESS: I mean, you can see Patrick  
20 wrote at 1529:

21 "Please aim to protect the  
22 [REDACTED] floor. Continue to operate  
23 within [REDACTED] increments. Do not  
24 purchase if the price is above the  
25 target floor [REDACTED]"

1           So it sounds like they were willing to buy  
2       back or buy XRP at eight-tenths of a cent.

3       BY MS. WAXMAN:

4           Q.   Is he talking about buying back to  
5       maintain a certain price floor?

6           MR. HANIN:  Objection.

7           You understand the question.  To the  
8       extent --

9           THE WITNESS:  I mean, he writes here, .008  
10      floor.  It's written.

11      BY MS. WAXMAN:

12           Q.   Okay.  Did Ripple ever direct GSR at any  
13      other time to purchase in order to maintain a  
14      certain price floor for XRP?

15           A.   I don't recall.  It's possible.

16           Q.   And you say "it's possible."  Why do you  
17      say that?

18           A.   Over the years, I mean, we discussed  
19      earlier there's been periods of enormous volatility.  
20      This was probably not the only time when, you know,  
21      XRP prices dropped very quickly or in general,  
22      market conditions were not favorable.

23           Q.   So I know specifically you don't recall  
24      this email, but generally, do you recall other  
25      instances in which Ripple directed GSR to purchase

1 XRP in the market when the price of XRP was  
2 declining?

3 A. I don't recall the specific instances. I  
4 do know that -- I think I remember that we purchased  
5 more than once, so by definition, there must have  
6 been other instances.

7 Q. And those purchases were at the time that  
8 the price was declining?

9 A. That's what would make sense. The time  
10 when -- the price would decline very rapidly over a  
11 short period of time, something like that.

12 Q. And the purchase -- purpose of the  
13 purchases was to stabilize the price?

14 A. Presumably, yes.

15 Q. And another purchase -- purpose of the  
16 purposes [sic] were to be to maintain a floor for  
17 XRP, certain floor?

18 MS. ZORNBERG: Objection.

19 THE WITNESS: It's entirely possible but,  
20 I mean, I can't confirm it.

21 MS. WAXMAN: Generally speaking.

22 MS. ZORNBERG: Object to form.

23 THE WITNESS: Sometimes -- in this  
24 instance, it seems like there was a floor. It's  
25 written here in the comment. Other instances



1 perhaps there wasn't a floor, there wasn't a  
2 technical level, maybe it was they had oversold and  
3 they were looking to buy back. I -- you know, there  
4 could be other reasons is I guess what I'm trying to  
5 say.

6 MS. WAXMAN: Exhibit 13, please.

7 (Whereupon, Deposition Exhibit [REDACTED]-13  
8 was marked for identification.)

9 BY MS. WAXMAN:

10 Q. Mr. [REDACTED] I'm showing you what's been  
11 marked as [REDACTED]-13, which is a document with the Bates  
12 RPLI\_SEC 50808 through -50814.

13 A. Uh-huh. Should I read the whole thing?

14 Q. I'm really -- yeah, why don't you quickly  
15 read the whole thing, if you don't mind.

16 A. It's a long one.

17 Q. Okay. Who is [REDACTED]?

18 A. [REDACTED] is a childhood friend of mine who  
19 I -- we started GSR together.

20 Q. Okay. Was he recommending certain  
21 adjustments to the amount of XRP that Ripple would  
22 sell in order to stabilize XRP price?

23 MS. ZORNBERG: Object to form.

24 BY MS. WAXMAN:

25 Q. I'm talking about the email -- the very

1 last email?

2 A. "I would" -- [REDACTED] says:

3 "I would recommend staying at  
4 2 percent or increasing maximum to  
5 two-and-a-half percent if we want  
6 to keep stability in the price."

7 I think he was stepping in because I was  
8 traveling or something. I saw earlier.

9 Q. I should have asked you this earlier, were  
10 you Ripple's main contact at GSR?

11 A. Yes.

12 Q. And later in the email, did you -- at 6:11  
13 on July 15th, did you recommend increasing the  
14 amount of Ripple sales due to -- in connection with  
15 an increase in XRP prices?

16 MS. ZORNBERG: Objection. Misstates the  
17 email.

18 THE WITNESS: No, I don't see that. The  
19 first two paragraphs just talk about what we're  
20 seeing in the market. The last paragraph states:

21 "We will continue to monitor  
22 throughout the weekend. Should  
23 prices spike higher, we will  
24 increase the percentage for Bot 2t  
25 accordingly. Hopefully, volumes

1 will increase too - that would help  
2 us get back on the dollar -- you  
3 know, 110K per week track."

4 BY MS. WAXMAN:

5 Q. Why would you increase the percentage  
6 should the prices spike higher?

7 A. Well, it sounds like we were below our --  
8 well, in general terms, why would we increase the  
9 percentage if price spiked higher? To achieve a  
10 better net execution price.

11 Q. And to extract more from the sales?

12 A. By definition, we would extract more from  
13 the sales by a higher execution price. And it  
14 sounds, from this email, that we were below the 110K  
15 per week goal. And so I guess we were saying if  
16 prices pick up, we can take advantage of that so we  
17 can get back to the target.

18 Q. And that was a target that Ripple had set?

19 A. I presume so.

20 Q. Going to the very first page of the email,  
21 is there a discussion about buying XRP in the  
22 market?

23 MS. ZORNBERG: Objection to form.

24 (Reporter clarification.)

25 MS. ZORNBERG: Would you like to direct



1 the witness to something you're referring to?

2 BY MS. WAXMAN:

3 Q. Going back to -- strike that.

4 Going back to page 2, in the middle of the  
5 page there's an email from Patrick Griffin. And he  
6 says:

7 "We should lift the bid."

8 Do you know what he's talking about there?

9 A. You don't lift bids. You hit bids and you  
10 lift offers. So his syntax is wrong. I think what  
11 he was trying to say is we should hit the bid.

12 Q. And what did he mean by that?

13 MR. HANIN: Objection. [REDACTED] responded  
14 that what he said doesn't make any sense, so I don't  
15 think he can predict what he meant by his erroneous  
16 email.

17 BY MS. WAXMAN:

18 Q. What does hit the bid mean?

19 A. When you bid to buy, you offer to sell.  
20 So when somebody is bidding and you hit them, you're  
21 selling to them.

22 Q. Okay. Going to the very first page at the  
23 top, the third email from the top, [REDACTED] says:

24 "Has there been a lot of  
25 chatter and do you think this

1 points to Ripple buying."

2 Do you know what --

3 MS. ZORNBERG: Sorry. Can you point out  
4 where you are?

5 MS. WAXMAN: I'm at the very top of the  
6 page.

7 MS. ZORNBERG: I don't --

8 MR. HANIN: I think you mean the second  
9 sentence of the -- it's a confusing page because  
10 there are a number of --

11 MS. WAXMAN: Yeah. The email that starts  
12 at 2055, at 8:55.

13 THE WITNESS: "We are okay with the credit  
14 risk but want to think more about the resting order.  
15 Has there been a lot of chatter and do you think  
16 this points to Ripple buying?"

17 I suspect she's referring to the bids that  
18 she talks about in the email at 4:22 on July 21.  
19 And I think -- I have no way of knowing this, but I  
20 think what she's getting at is she's saying do you  
21 think people in the market think Ripple is the one  
22 bidding for this XRP? That's the only explanation I  
23 can ...

24 BY MS. WAXMAN:

25 Q. Did Ripple want people to know that they

1 were bidding on XRP in the market?

2 MR. HANIN: Objection.

3 THE WITNESS: I have -- I have no idea.

4 BY MS. WAXMAN:

5 Q. Did Ripple ever tell you that they wanted  
6 to disguise their -- their selling?

7 MS. ZORNBERG: Object to form.

8 THE WITNESS: I don't recall. It's --  
9 it's possible.

10 BY MS. WAXMAN:

11 Q. Was the [REDACTED] programmed in a way that  
12 would disguise Ripple's trading activities?

13 MS. ZORNBERG: Objection and object to the  
14 word "disguise."

15 THE WITNESS: No. The [REDACTED] was --  
16 the [REDACTED] just cares about finding best  
17 execution, finding the best possible price.

18 BY MS. WAXMAN:

19 Q. Was Ripple making a market in XRP at the  
20 same time that it was selling XRP programmatically?

21 MS. ZORNBERG: Objection.

22 THE WITNESS: I don't think Ripple was  
23 ever making a market in XRP. Do you mean were we  
24 making markets in XRP at the same time as we were  
25 selling XRP?



1 BY MS. WAXMAN:

2 Q. Yes. Thank you.

3 A. I think the answer to that is yes, because  
4 of -- yes.

5 Q. And why would you be doing both those  
6 things at the same time?

7 A. I would argue they're mutually exclusive.  
8 They're different services. We started providing  
9 liquidity, and as the ecosystem grew, that activity  
10 lasted for at least three years, I believe, the  
11 market making. And the XRP sales I think started  
12 before the first activity ended. So there was a  
13 period of time when there was an overlap.

14 Q. Was there a reason --

15 A. They're not -- they're not at odds with  
16 each other.

17 Q. Would there be a reason to engage in both  
18 at the same time?

19 MR. HANIN: Objection. Speculative.

20 THE WITNESS: Potentially, yes, I can't --  
21 I mean, I don't see why not.

22 BY MS. WAXMAN:

23 Q. Did the market making activity facilitate  
24 the sales activity in any way?

25 MS. ZORNBERG: Object to form.

1 THE WITNESS: I don't see the direct link.  
2 I mean, the market making activity facilitated the  
3 development of the ecosystem, right, and there was  
4 more XRP trading interest globally. And the XRP  
5 sales program sold XRP globally.

6 So yes, they're connected, but I don't see  
7 the -- is the right term "causality"?

8 MS. WAXMAN: Exhibit 24, please.

9 (Whereupon, Deposition Exhibit [REDACTED] 24  
10 was marked for identification.)

11 BY MS. WAXMAN:

12 Q. Mr. [REDACTED], I'm showing you what's been  
13 marked as [REDACTED] 24, which is a document with the Bates  
14 GSR\_17355 through -17357. It's an email chain from  
15 October 13th and 14th, 2016.

16 Please just take a moment to look at it  
17 and let me know when you're done.

18 A. Okay.

19 Q. At the very top email, you talk about --  
20 are you talking about how the [REDACTED] is coded,  
21 how 2t is coded?

22 A. You mean the second sentence?

23 Q. Just in general, but I'm talking about the  
24 top email.

25 A. Mh-hmm.

1 Q. Does this email refresh your memory as to  
2 whether you were selling XRP and making markets in  
3 XRP on behalf of Ripple at the same time?

4 A. Yes.

5 Q. And why would you want to do that?

6 MR. HANIN: Objection.

7 THE WITNESS: Well, if -- the idea here is  
8 the same as earlier about getting the best possible  
9 execution price. If -- if we had been sending sell  
10 orders every three seconds to the -- for example, to  
11 the Consensus Ledger, other market participants  
12 would observe that and it wouldn't take long before  
13 those people incorporated those signals into their  
14 trading strategies and they try to take advantage of  
15 what they've identified as a selling program.

16 So what we did was we had -- our [REDACTED]

17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]

22 [REDACTED] And so you  
23 protect yourself from people -- you know, they call  
24 this front running, right? You don't want people to  
25 front run you.



1 In addition, when you're [REDACTED]

2 [REDACTED]  
3 [REDACTED]

4 [REDACTED] So the  
5 net execution price you offer to your customer is  
6 better.

7 Q. So the purpose of disguising the sales  
8 would be to get a better net execution price?

9 MR. HANIN: Objection.

10 MS. ZORNBERG: Objection.

11 MR. HANIN: It's the opposite of what he  
12 said.

13 BY MS. WAXMAN:

14 Q. Answer the question, please.

15 MS. ZORNBERG: Objection.

16 BY MS. WAXMAN:

17 Q. If you understand the question.

18 MS. ZORNBERG: Objection. You're  
19 misstating the witness's prior testimony.

20 THE WITNESS: Sorry, could you rephrase  
21 the question again?

22 BY MS. WAXMAN:

23 Q. I'll ask a different question.

24 So what would be the purpose of disguising  
25 Ripple's sales?

1 A. Well, as I said earlier --

2 MR. HANIN: Asked and answered.

3 Go ahead.

4 THE WITNESS: -- I'm trying to avoid being  
5 front run by other market participants. I -- you  
6 know, I don't want to -- we don't want to put up a  
7 big banner saying this is what we're doing.

8 BY MS. WAXMAN:

9 Q. Did this -- did you sell and make a market  
10 in XRP -- did you continue to do this on exchanges  
11 as well?

12 MS. ZORNBERG: Objection.

13 THE WITNESS: Did we deploy the same type  
14 of [REDACTED] on exchanges? I believe so.

15 BY MS. WAXMAN:

16 Q. So it wasn't just limited to the trading  
17 that you were doing on the Ledger?

18 A. Correct.

19 Q. So you would also try to disguise -- and  
20 I'm using your word here from the email -- disguise  
21 the sales on exchanges?

22 MS. ZORNBERG: Objection.

23 THE WITNESS: Well, on exchanges, it would  
24 be for the purpose of improving -- [REDACTED]  
25 [REDACTED] would improve the

1 net execution price for our client.

2 MS. WAXMAN: Exhibit 25, please.

3 (Whereupon, Deposition Exhibit [REDACTED]-25

4 was marked for identification.)

5 BY MS. WAXMAN:

6 Q. Showing you what's been marked as [REDACTED]-25,  
7 which is a document with the Bates GSR 1968. It's  
8 an email to you from the generic email -- the inbox  
9 [REDACTED].io dated October 14th, 2016.

10 Do you know who sent this email?

11 A. No.

12 Q. Could you have sent it to yourself?

13 A. I doubt it.

14 Q. And --

15 A. But it's possible.

16 Q. And the last paragraph, can you read that  
17 into the record?

18 A. "Please note we sometimes [REDACTED]

19 [REDACTED]  
20 [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]  
24 [REDACTED]  
25 [REDACTED]



1           affecting the price considerably  
2           more."

3           Q.   Is this another reason why you employ  
4 market making at the same time that you sold XRP  
5 programmatically?

6           MS. ZORNBERG:  Objection.

7           THE WITNESS:  Judging from the poor -- not  
8 that I'm the world's best writer, but from the way  
9 this is written, I suspect that this was [REDACTED] And  
10 what he's alluding to might have occurred -- what I  
11 think he's alluding to might have occurred during a  
12 small window of time.  But in reality, I believe  
13 that our -- our share of the total trading volume of  
14 XRP has always been rather small.

15           I mean, over time, it has -- it has  
16 decreased.  But the -- you know, when -- when XRP  
17 trading volumes took off as XRP started getting  
18 listed on cryptocurrency exchanges worldwide, if you  
19 look at the charts, you can see that the increase is  
20 just absolutely staggering.  I don't think we -- he  
21 says here:

22                   "The percentage introduced  
23 would have to be increased by two  
24 to five times."

25           That sounds like an exaggeration to me.

1 BY MS. WAXMAN:

2 Q. Is that an exaggeration for the later  
3 periods of time or do you think it's an exaggeration  
4 in October 2016?

5 A. For sure at later periods of time. But I  
6 think even back in October 2016. It seems like a  
7 bit of an exaggeration to me.

8 Q. Okay. But did you think that -- would the  
9 sales have more of an impact on price if GSR wasn't  
10 making a market in XRP at the time that it was  
11 selling?

12 MS. ZORNBERG: Objection. Do you want to  
13 fix a time?

14 THE WITNESS: I don't think I could make  
15 that connection, no.

16 (Reporter clarification.)

17 MS. ZORNBERG: Objection. Do you want to  
18 fix a time?

19 But then the witness answered. Thank you.

20 BY MS. WAXMAN:

21 Q. What is the basis for your understanding  
22 that XRP trading volumes took off after listing --  
23 listings on exchanges?

24 A. I think I was just saying that, you know,  
25 as crypto -- cryptocurrency exchanges popped up

1 worldwide and they decided to list XRP as another  
2 asset that you could trade, the overall trading  
3 volume of XRP exploded. More people were able to  
4 transact with XRP. That's all.

5 Q. Did Ripple play a role in the increased  
6 availability of -- increased availability of XRP on  
7 exchanges?

8 MS. ZORNBERG: Objection.

9 THE WITNESS: I don't know. I don't know.

10 MS. WAXMAN: Exhibit 15, please.

11 (Whereupon, Deposition Exhibit [REDACTED] 15  
12 was marked for identification.)

13 BY MS. WAXMAN:

14 Q. Mr. [REDACTED] I'm going to show you what's been  
15 marked as [REDACTED]-15, which is a document with the Bates  
16 RPLI\_SEC 0057021 through -7023.

17 If you go back to the bottom of page 2,  
18 the email from [REDACTED] references a recommendation  
19 from you with respect to purchasing XRP over a  
20 longer period of time.

21 Do you see that?

22 A. Mh-hmm.

23 Q. Why did you -- did you make this  
24 recommendation?

25 A. I mean, I don't recall making it but I



1 infer that from the -- what she's writing there.

2 Q. And why would you make that  
3 recommendation?

4 A. Why would I recommend that they buy XRP?

5 Q. And why did you recommend that they buy  
6 XRP consistently over a longer period of time?

7 A. I'm speculating, because this is five  
8 years ago. But I'm guessing that, you know, the  
9 price of XRP was probably in a slump, or had  
10 decreased dramatically, and so, okay, well, we've  
11 been selling, we're liquidity providers and we want  
12 to maintain a fair, orderly market, maybe now that  
13 we're down at these lower levels, we should be -- we  
14 should be buying.

15 Q. Would you ever make a recommendation you  
16 didn't believe was in your client's best interest?

17 MS. ZORNBERG: Objection.

18 THE WITNESS: I really hope not.

19 BY MS. WAXMAN:

20 Q. And how was the recommendation received by  
21 Ripple, this recommendation to consistently buy XRP  
22 over a longer period of time?

23 MS. ZORNBERG: Objection. Based on what  
24 the document is saying, or are you asking if he has  
25 an independent recollection?

1 BY MS. WAXMAN:

2 Q. Previously I think you said you didn't  
3 have an independent recollection.

4 A. I don't have a recollection. It seems,  
5 from this exchange, that -- that they didn't take  
6 the recommendation, right?

7 Q. Do you know whether you instituted a  
8 buying program?

9 A. I'm sorry?

10 MR. HANIN: Objection to --

11 BY MS. WAXMAN:

12 Q. Do you know whether you instituted a  
13 buying program over a longer period of time on  
14 behalf of Ripple?

15 MS. ZORNBERG: Objection.

16 MR. HANIN: At what period of time? For  
17 what period of time?

18 THE WITNESS: Just generally?

19 BY MS. WAXMAN:

20 Q. Well, following this recommendation.

21 A. I don't recall, Daphna.

22 Q. If you go to the first page of the email,  
23 the email from Patrick at 9:34, he says:

24 "We saw the price was bid up  
25 pretty aggressively. Fantastic."

1 Did you understand that one of Ripple's  
2 goals was to increase the price of XRP?

3 A. No. I wouldn't say that. But I'm not  
4 surprised to hear that people at Ripple were happy  
5 to see the price go up.

6 Q. And why were you not surprised?

7 A. Because they have, you know, large sums of  
8 XRP in their treasury.

9 Q. And how much XRP did Ripple have at the  
10 time?

11 A. I don't know. I don't recall. I mean,  
12 I -- I think it's public information. I mean ...

13 Q. And how much -- about how much XRP does  
14 Ripple have?

15 MS. ZORNBERG: Objection.

16 THE WITNESS: I'm not sure. I don't know.

17 BY MS. WAXMAN:

18 Q. One second.

19 You said -- do you know who Miguel Vias  
20 is?

21 A. Yes.

22 Q. Okay. And who is Miguel Vias?

23 A. Miguel Vias was -- I forget the exact  
24 title, but he was the head of markets for Ripple  
25 during several years, I believe.



1 Q. Okay. And he started in late 2016?

2 A. I don't remember the dates, but -- but  
3 sounds about right.

4 Q. Did Ripple continue to direct GSR to buy  
5 XRP in the market during the time that Miguel was  
6 part of Ripple's XRP markets team?

7 MS. ZORNBERG: Objection to form.

8 THE WITNESS: I don't remember. I don't  
9 know. I don't recall. It's possible, but I don't  
10 know.

11 BY MS. WAXMAN:

12 Q. Who decided which -- on which exchanges to  
13 sell XRP?

14 A. I think, if I remember correctly, we would  
15 propose which exchanges we thought were -- what's  
16 the right word here? Appropriate. But, of course,  
17 the final decision was Ripple's.

18 Q. And did the number of exchanges that  
19 Ripple sold XRP on grow over time?

20 A. By definition, yes, because it started at  
21 zero or one. But it -- you know, it changed over  
22 time.

23 Q. In 2017, approximately how many platforms  
24 did GSR sell XRP on behalf of Ripple?

25 A. I -- I don't recall, but I'm sure that

1 even between January and December of 2017, that  
2 number probably changed quite a bit because I  
3 believe 2017 was when this whole thing was the first  
4 kind of big explosion in activity.

5 Q. Did Ripple want to increase the number of  
6 platforms that it sold XRP on?

7 MS. ZORNBERG: Object to form.

8 THE WITNESS: I -- I mean, generally, I  
9 guess so, yes.

10 BY MS. WAXMAN:

11 Q. Is it fair to say that the more platforms  
12 it sold XRP on, the more XRP it could sell?

13 A. Not really.

14 Q. Why not?

15 A. Because I think that by 2017, the -- the  
16 amount of XRP that was being sold was a function of  
17 the true trading volume that we observed in the  
18 market. Now, that true trading volume resulted in  
19 an XRP target sale for any given day. You could  
20 sell all of that XRP on one exchange if you wanted  
21 to. You didn't have to split it up across all the  
22 other different venues.

23 But having said that, the fact that the  
24 sales target was a function of the total reported  
25 trading volume means that if there are more

1 exchanges, and they're legitimate exchanges, and  
2 they get factored into calculating the total trading  
3 volume, by definition, it will result in a larger  
4 amount of XRP being sold.

5 Q. Would you ever recommend that Ripple sell  
6 all its XRP on one exchange?

7 A. No.

8 MS. ZORNBERG: Object to form.

9 BY MS. WAXMAN:

10 Q. Why not?

11 A. Most crypto exchanges, to this day,  
12 exhibit all sorts of risks, technical, credit risks,  
13 et cetera. So it would be very risky to put  
14 everything on any one given exchange.

15 Another reason why you might want to sell  
16 across other exchanges is, you know, there might not  
17 be sufficient liquidity within any one given  
18 exchange if there's a large volume that you're  
19 trying to sell.

20 Q. And if there wasn't sufficient liquidity  
21 that would impact the price?

22 MS. ZORNBERG: Object to form.

23 THE WITNESS: If you try to sell a large  
24 amount of XRP on one exchange that have insufficient  
25 liquidity, the price of XRP on that exchange would



1 suffer as a result, yes, in all likelihood.

2 BY MS. WAXMAN:

3 Q. Did you have any understanding of what  
4 factors Ripple considered or what Ripple considered  
5 when deciding which exchanges to sell XRP on?

6 MS. ZORNBERG: Object to form.

7 THE WITNESS: No. I know the factors that  
8 we considered important, but I don't know -- I  
9 wasn't part of the internal conversations at Ripple.

10 BY MS. WAXMAN:

11 Q. Did you ever provide feedback to Ripple on  
12 which exchanges to sell XRP on?

13 A. Yes.

14 Q. And were there any platforms that you told  
15 Ripple not to sell XRP on?

16 A. In all likelihood, yes.

17 Q. And why would you recommend not to trade  
18 on a particular platform?

19 A. So it was important for us to -- the sales  
20 program was something that was a long-term program,  
21 right. We're trying to maintain fair and orderly  
22 markets during this time. We're trying to introduce  
23 a supply that is appropriate, proportional to the  
24 trading volume and interest in the market at the  
25 time.

1           In 2017, a lot of the exchanges that all  
2       of a sudden popped up grossly inflated the trading  
3       volumes that they reported because they -- I suspect  
4       it's because it was a way for them to attract retail  
5       users. And so we felt it wasn't -- it didn't make  
6       any sense to use those inflated volumes into  
7       calculating -- into our assessment of what the real  
8       trading volume was of XRP.

9           Does that make sense?

10          Q. Did you recommend that Ripple not sell on  
11       certain exchanges that had fake volume?

12          A. Probably did, yes.

13          Q. Did you take any other actions --

14          A. And it's not just because they have fake  
15       volumes. In these exchanges, their standards are  
16       pretty low. So, you know, we would operate on  
17       exchanges and sometimes you would receive fills  
18       three days later. You know, like I said, crypto is  
19       still in its teething phase.

20          Q. What was the concern specifically related  
21       to -- what was the concern related to fake volume?  
22       Why wouldn't you want Ripple to sell on an exchange  
23       that had fake XRP value?

24          A. Well, there's two things. One is if you  
25       use the fake volumes to determine total trading

1 volume, then you're going to introduce more XRP than  
2 the market can really take because you're not using  
3 real data. It's fake, by definition.

4 So we felt it was important that we should  
5 leave those out of our calculation of total trading  
6 volume.

7 Now, specifically to the exchange, if it's  
8 an exchange that is reporting fake volumes, why do  
9 you trust anything that that exchange is doing. We  
10 could deposit the XRP and they could do, like, what  
11 was it, Quadriga, the founder went to India and  
12 disappeared? It's happened before. So ...

13 Q. What did you mean by inserting more XRP  
14 than the market could take?

15 MS. ZORNBERG: Object to form.

16 THE WITNESS: It was our view that the  
17 amount of XRP that was -- the appropriate amount of  
18 XRP that could be sold on any given day was a  
19 function of the total trading volume of XRP. So if  
20 we want to figure out what the correct, true,  
21 appropriate number is, we need to be referencing  
22 what we think the correct, true total trading volume  
23 is.

24 Otherwise, you know, some new exchange  
25 pops up and says they trade ten times as much as all



1 the other exchanges put together. If we factor that  
2 into our formula, we're now going to be selling ten  
3 times as much XRP. And, in fact, nothing has  
4 changed. This is just noise.

5 BY MS. WAXMAN:

6 Q. Were you concerned that the selling would  
7 have an impact on price?

8 MS. ZORNBERG: Object to form.

9 THE WITNESS: I mean, yes. I'm tasked  
10 with doing a long-term execution program. And  
11 I'm -- yes, I'm trying to achieve the best result  
12 for my client.

13 BY MS. WAXMAN:

14 Q. And when you say the "best result," you're  
15 talking about most amount of proceeds?

16 A. That's one way to measure it, yeah.

17 MS. WAXMAN: Exhibit 41.

18 (Whereupon, Deposition Exhibit [REDACTED] 41  
19 was marked for identification.)

20 BY MS. WAXMAN:

21 Q. Mr. [REDACTED] I'm showing you what's been  
22 marked as GSR\_3236 through 3238. It's an email  
23 chain from January 2019, and you're copied there.

24 A. Mh-hmm.

25 Q. At the very first page, you reference

1 certain exchanges. Was it your understanding that  
2 those exchanges had fake volume?

3 A. Yes.

4 Q. And --

5 A. Mostly fake, as I say.

6 Q. And did Ripple request that GSR onboard  
7 with these exchanges?

8 A. I don't recall, but from reading my  
9 message, they're asking us to integrate with more  
10 exchanges. It seems like they were asking us to  
11 have a look, yeah.

12 Q. Okay. And did you tell Ripple that you  
13 believed that these exchanges potentially have fake  
14 volume?

15 A. I don't recall doing so, but I probably  
16 did.

17 Q. Okay. And did you recommend that Ripple  
18 not sell on those exchanges?

19 A. Again, I don't recall, but I probably did.

20 Q. And did they -- how did they receive that  
21 recommendation?

22 A. I don't think we ever sold on any of  
23 these. Perhaps small amount on Bittrue, but I don't  
24 think we ever integrated on any of those other  
25 exchanges.

1 MS. WAXMAN: Exhibit 42, please.

2 (Whereupon, Deposition Exhibit [REDACTED] 42  
3 was marked for identification.)

4 BY MS. WAXMAN:

5 Q. You can leave out 41. Showing you what's  
6 been -- you can take -- you can leave out  
7 Exhibit 41. I'm going to reference it.

8 A. Oh, okay.

9 Q. I'm showing you what's been marked as  
10 [REDACTED]-42, which is a document with the Bates RPLI\_SEC  
11 1029362 through -364, which is an email chain from  
12 March 2019. It appears to provide the list of  
13 exchanges that Ripple sold XRP on in 2018 and 2019.

14 Do you see that?

15 A. Yeah.

16 Q. Okay. Using Exhibit 42, did Ripple sell  
17 XRP on any of the exchanges you identified in  
18 Exhibit 41 that had potentially fake volume?

19 A. Yes. And I stand corrected. I will --  
20 it's important to note the relative percentages.

21 Q. What is important to note about the  
22 relative percentages?

23 A. Well, when you look at Exhibit 41, if you  
24 look at the second page and you look at how --

25 Q. You mean Exhibit 42?



1 A. No. 41.

2 Q. 41. Okay.

3 A. The second page, you look at those crosses  
4 and the distribution of volumes, the reason why all  
5 those percentages are different is probably because,  
6 in a sense, they're building in their assessment of  
7 how much of what happens at Bithumb they think is  
8 real. Am I -- are you following me?

9 For example, they -- we're selling  
10 .275 percent of XRP against Korean won at Bithumb,  
11 and yet we're doing double that for XRP versus BNB  
12 on Binance.

13 Now, the reason why one is twice as large  
14 as the other, I suspect, is because I felt like the  
15 Binance volumes were more true, more believable,  
16 than the ones at Bithumb. So following that logic,  
17 when you look at the distribution of sales, you'll  
18 notice that Bitlish is a very, very small number.

19 Q. So --

20 A. Bitlish being one of the exchanges that we  
21 didn't really trust.

22 Q. So two things. Did you sell less XRP on  
23 certain exchanges that had potentially fake volume?

24 A. I think what ended up happening is that we  
25 targeted less -- if we had just used the recorded

1 volumes from those less trustworthy exchanges, we  
2 would have sold much more XRP there than we actually  
3 did.

4 Q. So you calibrated the sales on certain  
5 exchanges to account for the fake volume?

6 A. I would guess so.

7 MS. WAXMAN: Exhibit 65, please.

8 (Whereupon, Deposition Exhibit [REDACTED] 65  
9 was marked for identification.)

10 BY MS. WAXMAN:

11 Q. Mr. [REDACTED] I'm showing you what's been  
12 marked Exhibit [REDACTED] 65, which is a document with the  
13 Bates RPLI\_SEC 0303609. It appears to be a Slack  
14 message dated May 1st, 2019. You are among  
15 recipients in the "to" line. The sender is  
16 [REDACTED].io.

17 What is an [REDACTED].io?

18 A. Head of trading.

19 Q. And just stepping back, did you use Slack  
20 to communicate with anyone at GSR?

21 A. Yes.

22 Q. Okay. And during what period of time did  
23 you use Slack to communicate?

24 A. I -- I -- I don't recall. When we -- when  
25 I personally started using Slack. I know I was one

1 of the latest guys at GSR and people weren't very  
2 happy with me.

3 Q. When did anyone at GSR begin to use Slack  
4 to communicate with people at Ripple?

5 A. Oh, with people at Ripple? I -- we -- I  
6 don't know that we used Slack to communicate with  
7 people at Ripple very much at all.

8 Q. Is this --

9 A. It was not the normal -- perhaps there  
10 were some Slack groups, but it's not the normal form  
11 of communicating with Ripple. If there was  
12 communications between Ripple and GSR using Slack,  
13 it was probably, most of the time, the tech teams  
14 coordinating or talking about integrations or stuff  
15 like that. Not so much from Biz Dev.

16 Q. And how did you -- what was the primary  
17 way you communicated with Ripple, people at Ripple?

18 A. Email. Phone calls.

19 Q. And going to the email, did you receive  
20 this -- were you on this Slack message?

21 A. I -- I presume so. I remember seeing  
22 this -- this breakdown of exchanges.

23 Q. And why did GSR provide this breakdown of  
24 information to Ripple?

25 A. This shows how we viewed the



1     trustworthiness, I guess is the best term, of crypto  
2     exchanges as of May 2019.

3           Q.     And -- and what -- how did you -- what  
4     were Tier 3 exchanges?

5           A.     The less trustworthy.

6           Q.     And Ripple sold XRP on these exchanges, in  
7     the Tier 3 exchanges?

8           A.     It seems like from Exhibit 42, in March,  
9     so a few months prior to this message, it seems like  
10    we did sell some XRP on Bitlish, ZBG, and Bitmax,  
11    oh, and Bitforex.

12          Q.     How was GSR compensated for executing  
13    programmatic -- I'm finished with that document.

14                 How was GSR compensated for executing  
15    Ripple's programmatic sales?

16          A.     We -- we are -- we keep a [REDACTED]  
17    [REDACTED]

18          Q.     Did you keep a small -- did you get that  
19    in XRP?

20          A.     No. I don't think so.

21          Q.     Did you ever receive [REDACTED] as  
22    compensation from Ripple?

23                 MS. ZORNBERG: Object to form.

24                 MR. HANIN: Objection as to time and  
25    program --

1 BY MS. WAXMAN:

2 Q. In connection with programmatic sales?

3 A. I don't recall. I don't think so, but I  
4 don't recall.

5 Q. Okay. Did GSR execute sales on -- sales  
6 of XRP on behalf of certain -- current or former  
7 Ripple employees?

8 A. Yes.

9 Q. Which ones?

10 A. Chris Larsen, Brad Garlinghouse. I --  
11 there was a senior engineer with a -- sound  
12 terrible. I forgot his name. I think he had a  
13 Greek name.

14 Q. [REDACTED]

15 A. That's it. [REDACTED]

16 Patrick Griffin. And we -- I think we did  
17 a small program for the ex-CFO, Ron Wills. That's  
18 all I can remember right now.

19 Q. Did GSR also sell for certain -- strike  
20 that.

21 So when you -- when you sold for those  
22 individuals, was the overall strategy -- sales  
23 strategy the same as the strategy for -- that you  
24 put in place for Ripple?

25 A. Generally, yes.

1 Q. Were there any deviations?

2 MS. ZORNBERG: Object to form.

3 THE WITNESS: Yes.

4 BY MS. WAXMAN:

5 Q. What were they?

6 A. When we started the XRP sales program back  
7 in -- you probably know the exact date, in 2015  
8 or '16, I can't remember when exactly it was, we  
9 were using the tech stack that we developed starting  
10 in 2013. That tech stack was limited in what it  
11 allowed us to do.

12 And so when we -- when we performed the  
13 programmatic sales program, we didn't segregate all  
14 of the different accounts. We would sell on behalf  
15 of Ripple and Mr. Larsen, for example, and the XRP  
16 would -- would be in one pot, it would be  
17 distributed to the exchanges where we were selling  
18 it. The proceeds would come back to us, and then we  
19 would distribute the proceeds proportionately to  
20 however much Ripple and Mr. Larsen was intending to  
21 sell. So the net execution price that they each  
22 received was identical. We didn't favor anybody.  
23 It was always the same.

24 In summer of 2017, in Q3 of 2017, we hired  
25 a new CTO who started developing a new tech stack



1 which was much more powerful and allowed us to  
2 segregate accounts. And as a result, the net  
3 execution price was no longer exactly the same for  
4 everybody, for obvious reasons.

5 Q. You could adjust -- you could address --  
6 adjust the code for certain individuals?

7 A. If we wanted to, we could have used  
8 different execution [REDACTED] for the different  
9 individual accounts. Now, as I mentioned earlier,  
10 the execution [REDACTED] is something that is not  
11 just for Ripple. We do this on behalf of other  
12 clients with other digital assets. And so I guess  
13 we provide all of our clients with our best and most  
14 up-to-date [REDACTED] at any given moment in time.

15 Q. So going back to the earlier time period,  
16 pre Q3 2017, where everybody had this identical net  
17 execution price.

18 A. Yeah.

19 Q. I want to make sure I understand.

20 So all of the XRP from Ripple and all of  
21 the individuals was commingled in one account?

22 A. Yes.

23 Q. And all the proceeds from the sales of all  
24 of that XRP was in one account?

25 A. Yes.

1 Q. And you distributed the pro -- and how did  
2 you know how much to distribute from the -- to each  
3 individual?

4 A. So the different clients had different  
5 sales targets that were all different percentages of  
6 the [REDACTED] So, say, for example,  
7 Ripple was targeting 1 percent, and Mr. Larsen was  
8 targeting 1 percent, then they're both 50/50, and we  
9 would split the proceeds 50/50. If it was 1 percent  
10 and .1 percent, Ripple would get ten-elevenths,  
11 Mr. Larsen would get one-eleventh of the proceeds.

12 Q. And how did -- where did the payouts come  
13 from?

14 A. The payouts, if I remember correctly, came  
15 from Bitstamp using RCL. So we issued Bitstamp IOUs  
16 on the Ripple Consensus Ledger.

17 Q. You would wire -- you would wire proceeds  
18 to Bitstamp -- to Bitstamp?

19 A. No. It's not -- it's not a wire. The --  
20 Bitstamp would issue an IOU on the Ripple Consensus  
21 Ledger for X amount of dollars, which Ripple or  
22 Mr. Larsen or whoever could redeem using Bitstamp.

23 Q. Okay. Beginning in Q3 2017, where you  
24 could -- going back to that -- the IOUs on Bitstamp,  
25 during what time period did that happen?

1 A. Honestly, I don't recall most of it. In  
2 fact, for Ripple, I think that's how we did all the  
3 payouts.

4 Q. At some point, did you start sending  
5 proceeds to [REDACTED]?

6 A. To [REDACTED] for Ripple?

7 Q. For either Ripple or any of the  
8 individuals.

9 A. I don't think we ever did it for Ripple,  
10 no.

11 Q. Did you send -- at some point did you  
12 start sending proceeds for the individuals to -- to  
13 a bank account?

14 A. It's possible, yes.

15 Q. And which individuals?

16 A. Honestly, I don't recall, Daphna.

17 Q. And then going back to Q3 2017 where you  
18 had a new tech stack, did that allow you to adjust  
19 trading strategies on an individualized basis?

20 A. To be clear, we hired the new CTO in  
21 September of 2017. It took him about six months for  
22 us to be able to start transitioning to the new tech  
23 stack. So we probably only really started using the  
24 new tech stack in Q1 of 2018.

25 But to answer your question, yes, with the



1 new tech stack, we could run independent [REDACTED] for  
2 the different accounts.

3 Q. And when you say "independent [REDACTED]" you  
4 mean a different [REDACTED] than you were running for  
5 Ripple?

6 A. We could have if we wanted to. We could  
7 have used a different execution [REDACTED].

8 Q. And did you use a different execution  
9 [REDACTED] for any of the individuals we just spoke  
10 about?

11 A. I -- I don't think so. I don't think so.  
12 I can't imagine why we would have.

13 Q. Okay. Did GSR also sell for certain  
14 charities that had a relationship with Ripple?

15 A. Yeah.

16 MS. ZORNBERG: Object to form.

17 BY MS. WAXMAN:

18 Q. And which charities?

19 A. Rippleworks and [REDACTED]  
20 [REDACTED]

21 Q. And when you sold the XRP for these  
22 charities, was the overall strategy -- sales  
23 strategy the same as the strategy you had for  
24 Ripple?

25 A. From my point of view, I'm always trying

1 to give our clients best execution, so yes, we were  
2 trying to give everybody best execution, which is  
3 why everybody used the same most up-to-date  
4 execution [REDACTED].

5 Q. And would you also recommend at times that  
6 they pause their XRP sales if the market price was  
7 declining?

8 A. Probably, yeah.

9 Q. And would you also recommend that they  
10 reduce their sales if -- if the market price of XRP  
11 was declining?

12 MS. ZORNBERG: Object to form.

13 THE WITNESS: I -- I probably did tell  
14 them, yes, look, I think we're in a -- in a slow  
15 period in the market. Price is very low. It  
16 doesn't make a lot of sense to be selling at these  
17 levels. Probably, yeah.

18 BY MS. WAXMAN:

19 Q. Did you give these same recommendations to  
20 Mr. Larsen?

21 MR. HANIN: Objection as to which  
22 recommendations, but ...

23 THE WITNESS: You mean my views on market  
24 prices? Probably, yes.

25 / /

1 BY MS. WAXMAN:

2 Q. Did you try to -- did you -- did you view  
3 your role as trying to obtain best execution for  
4 Mr. Larsen?

5 A. I think that was one of the main things we  
6 were hired for, yes.

7 Q. Did you view your role from -- from  
8 Mr. Garlinghouse was to obtain best execution for  
9 Mr. Garlinghouse's XRP sales?

10 A. Yes.

11 Q. And did you recommend -- did you make  
12 recommendations to Mr. Garlinghouse that he pause  
13 sales when the price of XRP was going down?

14 A. I don't recall making those  
15 recommendations to Mr. Garlinghouse.

16 Q. Did you make any recommendations to  
17 Mr. Garlinghouse regarding his XRP sales?

18 A. I don't -- it's possible. I don't recall.

19 Q. With respect to Mr. Larsen, did you ever  
20 recommend that he increase his sales of XRP at  
21 certain points in time?

22 A. Probably.

23 Q. And would you have -- did you make that  
24 recommendation for the same reason that you made the  
25 recommendation to Ripple?



1 MS. DEARBORN: Object to form. Vague as  
2 to time.

3 THE WITNESS: I mean, to the point where  
4 if the price is depressed, I tell our clients, I  
5 don't think it makes sense to be selling down here.  
6 The flip side of that argument is the market has  
7 spiked higher, there's good liquidity and the price  
8 is two times where it was yesterday. Probably makes  
9 sense to take advantage of better market conditions.

10 BY MS. WAXMAN:

11 Q. Did Mr. Larsen direct you to increase  
12 sales based on those recommendations?

13 MS. DEARBORN: Object to form.

14 THE WITNESS: I wouldn't know whether it  
15 was my recommendation or some other reason why he  
16 may or may not have done something. It's impossible  
17 for me to know.

18 BY MS. WAXMAN:

19 Q. Did he direct you to increase sales at  
20 certain times?

21 MS. DEARBORN: Object to form.

22 THE WITNESS: I don't recall. It's  
23 possible.

24 BY MS. WAXMAN:

25 Q. Did Mr. Larsen want to extract as much USD

1 as possible from his XRP sales?

2 MS. DEARBORN: Object to form.

3 THE WITNESS: I have no way of knowing  
4 that.

5 BY MS. WAXMAN:

6 Q. Did Mr. Garlinghouse want to extract as  
7 much USD as possible from his XRP sales?

8 MR. LEVANDER: Object to form.

9 THE WITNESS: Same thing. I have no way  
10 of knowing that.

11 BY MS. WAXMAN:

12 Q. But you understood your role to be to get  
13 best execution for Mr. Larsen's XRP sales, correct?

14 A. Mh-hmm.

15 Q. And you had the same understanding as to  
16 your role for Mr. Garlinghouse's XRP sales?

17 A. If I'm being tasked with a liquidation  
18 program, I'm going to give my clients the best  
19 possible execution.

20 (Reporter clarification.)

21 BY MS. WAXMAN:

22 Q. Did you have any understanding who was  
23 buying the XRP that you sold on either -- on behalf  
24 of either Ripple, Mr. Larsen or Mr. Garlinghouse?

25 A. No.

1 Q. Did Ripple care who was buying the XRP --

2 MS. DEARBORN: Objection.

3 MR. HANIN: Objection.

4 BY MS. WAXMAN:

5 Q. -- that you sold on their behalf?

6 A. I have no way of knowing that.

7 Q. Did Ripple ever ask you not to sell to  
8 certain persons?

9 A. Not that I can recall, but I'm confused by  
10 the questioning, because, as we discussed earlier,  
11 we don't know who we're facing off with.

12 Q. Would there be any way to figure it out?

13 MS. ZORNBERG: Object to form.

14 THE WITNESS: For us, no. Not that I know  
15 of.

16 BY MS. WAXMAN:

17 Q. Did Ripple ever ask you to make sure U.S.  
18 persons were not buying XRP from GSR?

19 A. I think that -- I don't remember the exact  
20 details, but I do know that at some point, some  
21 moment in time, we stopped selling XRP on exchanges  
22 that catered to U.S. persons.

23 Q. And at what point in time?

24 A. When did they ask us?

25 Q. (Nods head.)



1 A. I don't recall.

2 Q. And was that on behalf of Ripple?

3 A. Yes. I think so. Yes.

4 Q. And who told you to stop selling?

5 A. I don't recall.

6 Q. I just want to clarify, they told you to  
7 stop selling on exchanges that catered to U.S.  
8 persons?

9 A. That's my recollection, yeah.

10 Q. So did that include U.S. exchanges and  
11 foreign exchanges that allowed U.S. users?

12 A. I think so, yeah. That's why they  
13 would -- that's why I phrased it that way.

14 Q. Okay. And sorry if I asked you this.  
15 When they told you to stop selling, was that over  
16 email or a phone call?

17 A. I don't recall.

18 Q. Okay. And why did they tell you to stop  
19 selling to exchanges that catered to U.S. users?

20 A. I -- I have no idea. I mean, what was  
21 going through their mind. I mean, I can speculate  
22 on -- but --

23 MR. HANIN: Don't speculate.

24 BY MS. WAXMAN:

25 Q. I don't want you to speculate.

1           When they told you this, were you still  
2       selling XRP programmatically on behalf of Ripple?

3           A.    When they told us to stop selling XRP on  
4       exchanges that catered to U.S. persons? Well, by  
5       definition.

6           Q.    So it would have to be during the period  
7       of time that you were selling XRP programmatically?

8           A.    I guess so.

9           Q.    Did you -- as a result of that direction,  
10      did you stop selling XRP on certain exchanges that  
11      catered to U.S. persons?

12          A.    Of course.

13          Q.    And which ones did you stop selling XRP  
14      on?

15          A.    I -- I don't recall the exact ones, but I  
16      suspect Coinbase would have been one of them, you  
17      know -- honestly, I don't recall the different ones.  
18      Coinbase is an obvious one.

19          Q.    Did they tell you which exchanges to stop  
20      selling on?

21                MS. ZORNBERG: Objection. Asked and  
22      answered.

23                THE WITNESS: I don't recall. It's  
24      possible that they told us which specific ones.  
25      They probably did. But I don't recall.

1 BY MS. WAXMAN:

2 Q. Did you have to do any investigation into  
3 which exchanges catered to U.S. persons?

4 MR. HANIN: Objection to the form. Had to  
5 do it, but ...

6 THE WITNESS: Did GSR have to -- I mean,  
7 we probably did it, but I doubt that -- I mean, we  
8 weren't -- we would not have been the ultimate  
9 arbitrator, right?

10 BY MS. WAXMAN:

11 Q. Did GSR take any steps to -- to understand  
12 whether certain exchange catered to U.S. users?

13 A. Yes. I mean, maybe this isn't relevant to  
14 this particular line, but the day immediately after  
15 the SEC filed the lawsuit against Ripple, we looked  
16 at all of our XRP trading activity, GSR's, in  
17 conjunction with selling program, others, ODL, et  
18 cetera, and we ensured that we were no longer  
19 trading XRP on any exchange that catered to U.S.  
20 persons. So for that exercise, we most certainly  
21 did that research, yeah.

22 Q. Prior to the time that Ripple directed you  
23 to stop selling on exchanges that catered to U.S.  
24 persons, did GSR take any steps to understand  
25 whether certain exchanges did, in fact, cater to



1 U.S. users?

2 A. We probably did as a normal course of  
3 business, of understanding, you know, how the  
4 exchanges were developing.

5 Q. But prior to the time that Ripple told you  
6 to stop selling on exchanges that cater to U.S.  
7 persons, they never asked you to not sell to U.S.  
8 persons, correct?

9 MR. HANIN: Objection. And tautological.

10 MS. ZORNBERG: Yeah. And can you also  
11 just fix the time? I don't think the witness's  
12 testimony is clear as to timing. The question is  
13 making it more unclear.

14 BY MS. WAXMAN:

15 Q. Did Mr. Garlinghouse ever ask you to make  
16 sure not to sell XRP on his behalf to U.S. persons?

17 A. I don't recall. It's possible.

18 Q. What about Mr. Larsen?

19 A. The same, Daphna. I'm not sure.

20 Q. Did Ripple ever instruct you to sell XRP  
21 to people who would commit not to resell to US  
22 customers?

23 MS. ZORNBERG: Object to form.

24 THE WITNESS: I don't recall. I don't  
25 think so. I don't recall.

1 BY MS. WAXMAN:

2 Q. Same question for Mr. Larsen?

3 A. Same answer.

4 Q. Same question for Mr. Garlinghouse?

5 A. Same answer.

6 Q. Did you ever have an understanding whether  
7 the XRP you sold on a foreign platform entered the  
8 United States?

9 A. The XRP, sorry?

10 Q. The XRP that GSR sold on foreign  
11 platforms, did that -- did you know whether that XRP  
12 ever entered the United States?

13 MS. ZORNBERG: Objection.

14 THE WITNESS: How do you define XRP  
15 entering the United States?

16 BY MS. WAXMAN:

17 Q. Did you ever know if the XRP that you sold  
18 on a foreign platform was sold to a U.S. person?

19 MS. ZORNBERG: Objection.

20 THE WITNESS: I have no way of knowing  
21 that.

22 BY MS. WAXMAN:

23 Q. If you wanted to -- could you restrict the  
24 XRP you sold from being purchased by a U.S. person?

25 A. GSR? No. Because -- in the sense that we

1 would operate on exchanges that would not allow U.S.  
2 persons or entities to onboard, so it's our  
3 understanding that if we're trading XRP there, it's  
4 not with a U.S. person. But if we sell XRP to Joe  
5 Block on this exchange and Joe Block turns around  
6 and withdraws it and sells it to an American, I have  
7 no way of controlling that.

8 Q. When you executed trades on behalf of  
9 Ripple, were you restricted in any way as to who you  
10 could sell to?

11 MR. HANIN: Objection. Vague. Asked and  
12 answered. But ...

13 THE WITNESS: It's not -- we didn't work  
14 like that. We were directed as to which exchanges  
15 we should sell on.

16 BY MS. WAXMAN:

17 Q. Did they sell you -- direct you to sell  
18 XRP on exchanges within the United States?

19 MS. ZORNBERG: Objection.

20 THE WITNESS: I -- I guess so, because  
21 Coinbase was one of the exchanges where we sold XRP,  
22 right, so ...

23 BY MS. WAXMAN:

24 Q. Did they direct to you sell XRP on  
25 Coinbase?



1 A. I presume so, I don't --

2 Q. Did they direct to you sell XRP in U.S.  
3 exchanges?

4 A. It's possible. I'd have to look at the  
5 list of exchanges and -- I guess so.

6 Q. Do you want to look at the document 42?

7 MR. HANIN: Are you asking about whether  
8 he received a specific direction to trade on an  
9 exchange or just --

10 MS. WAXMAN: No --

11 MR. HANIN: -- a general direction to  
12 trade?

13 BY MS. WAXMAN:

14 Q. Generally did Ripple instruct GSR to sell  
15 XRP on its behalf on U.S. exchanges?

16 MS. ZORNBERG: Objection.

17 THE WITNESS: I can see from Exhibit 42 on  
18 the list of exchanges, I can see Poloniex, which I  
19 don't recall if, back in March of '19, it was a U.S.  
20 exchange or not. I can see Kraken, which I think  
21 was a U.S. exchange but I'm not entirely sure. I  
22 don't see Coinbase on this list.

23 BY MS. WAXMAN:

24 Q. Was Bittrex a U.S. exchange?

25 A. I don't know, because Bittrex also --

1 remember they spun out their international entity.  
2 And I'm not sure if this is referencing Bittrex U.S.  
3 or Bittrex International. It's possible that it's  
4 referencing Bittrex International because I think  
5 once they spun off the international entity, they  
6 pushed all the non-U.S. people to the international  
7 entity.

8 Q. Did they spin -- to your knowledge, when  
9 did that happen?

10 A. I don't recall.

11 MR. HANIN: Daphna, when we finish this  
12 line of questions, is it a good time for a break?  
13 We've been, again, going a healthy period of time.

14 MS. WAXMAN: Sure.

15 MR. HANIN: Trying to be as --

16 MS. WAXMAN: Sure.

17 MR. HANIN: -- accommodating as possible.

18 MS. WAXMAN: Just two more minutes, if  
19 that's okay.

20 MR. HANIN: Okay.

21 BY MS. WAXMAN:

22 Q. When you executed trades on behalf of  
23 Ripple, were you restricted in the amount of XRP you  
24 could sell?

25 A. I don't understand the question.

1 Q. Could you sell millions of units to one  
2 single buyer?

3 MS. ZORNBERG: Objection.

4 THE WITNESS: Technically, I guess so.  
5 If -- if there happened to be -- I would never have  
6 known on an exchange if that bid was one buyer or  
7 many buyers, because sometimes they'll stack the  
8 orders at the same price point. Technically, I  
9 guess.

10 BY MS. WAXMAN:

11 Q. When you executed trades on behalf of  
12 Ripple, were you restricted to sell only to people  
13 who would use the XRP as a means to pay for goods  
14 and services?

15 MS. ZORNBERG: Objection.

16 THE WITNESS: No, I don't think so.

17 BY MS. WAXMAN:

18 Q. When you executed trades on behalf of  
19 Ripple, were you restricted to sell only to people  
20 who would use the XRP in a cross-border payment?

21 A. No.

22 Q. Were you restricted to selling the XRP to  
23 banks?

24 A. No.

25 Q. Were you restricted in selling the XRP to



1 any financial institution?

2 A. No.

3 Q. When you executed trades on behalf of  
4 Ripple, were you restricted to selling XRP to money  
5 transmitters?

6 A. No.

7 Q. Same questions for Mr. Larsen. When you  
8 executed trades on behalf of Mr. Larsen, were you  
9 restricted in the amount of XRP you could sell?

10 A. No.

11 Q. Were you restricted to sell to -- only to  
12 people who would use the XRP to pay for goods or  
13 services?

14 A. No.

15 Q. Were you restricted to sell only to people  
16 who would use it in a cross-border payment?

17 A. No.

18 Q. Were you restricted to people who would  
19 only sell it to banks or other financial  
20 institutions?

21 A. No.

22 Q. Were you restricted to people who would  
23 only -- were you restricted to sell it to only money  
24 transmitters?

25 A. No.

1 Q. Same questions for Mr. Garlinghouse.

2 A. No.

3 Q. Were you restricted in the way you could  
4 sell XRP in any way?

5 A. No.

6 MS. WAXMAN: Let's take a break.

7 THE WITNESS: Sorry, you said in any way.  
8 That's very broad.

9 MR. HANIN: And subject to the testimony  
10 before, I mean ...

11 BY MS. WAXMAN:

12 Q. I'll just say, when you executed trades on  
13 behalf of Mr. Garlinghouse, were you restricted in  
14 the amount of XRP you could sell?

15 MR. HANIN: Objection.

16 THE WITNESS: Subject to the sales targets  
17 that we had, the answer is no, of course.

18 BY MS. WAXMAN:

19 Q. Were you restricted to only sell to people  
20 who would use it as a means to pay for goods and  
21 services?

22 A. No.

23 Q. Were you restricted to sell only to people  
24 who would use it in connection with a cross-border  
25 payment?

1 A. No.

2 Q. Were you restricted to sell only to banks  
3 or other financial institutions?

4 A. No.

5 Q. Were you restricted to only sell to money  
6 transmitters?

7 A. No.

8 MS. WAXMAN: Let's go off the record.

9 THE VIDEOGRAPHER: Going off the record at  
10 12:08 p.m.

11 (Whereupon, a lunch recess was taken.)  
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1 AUGUST 11, 2021

1:14 P.M.

2 P R O C E E D I N G S

3 AFTERNOON SESSION

4 THE VIDEOGRAPHER: We're going back on the  
5 record at 1:14 p.m.

6 BY MS. WAXMAN:

7 Q. Mr. [REDACTED] where do you currently reside?

8 A. In [REDACTED]

9 Q. And do you have U.S. citizenship?

10 A. No.

11 Q. Do you have a green card?

12 A. Not anymore.

13 Q. Throughout the period, the sales of XRP  
14 that GSR executed on behalf of Ripple, was that in  
15 exchange for consideration?

16 MS. ZORNBERG: Object to form.

17 THE WITNESS: What does "consideration"  
18 mean?

19 BY MS. WAXMAN:

20 Q. Something -- was it in exchange for  
21 something of value?

22 MS. ZORNBERG: Objection.

23 MR. HANIN: Objection. It's vague,  
24 but ...

25 / /

1 BY MS. WAXMAN:

2 Q. Did Ripple sell -- give away the XRP for  
3 free?

4 MS. ZORNBERG: Objection.

5 THE WITNESS: No. You're asking -- the  
6 XRP sales program was a business activity that GSR  
7 performed for -- for Ripple and we were paid a fee  
8 for that.

9 BY MS. WAXMAN:

10 Q. I want to clarify. I'm talking about  
11 Ripple -- I'm talking about what Ripple got in  
12 exchange for its selling of XRP. Was that in -- did  
13 Ripple give away the XRP for free?

14 MS. ZORNBERG: Objection.

15 BY MS. WAXMAN:

16 Q. It seems like a very obvious question, and  
17 a very silly question. I apologize. It is a very  
18 silly -- a simple question.

19 A. We never sold XRP for zero.

20 Q. Okay. So you would sell it for --

21 A. From different units of value.

22 Q. Okay. And same question for the  
23 individuals. Did you ever give away XRP that the  
24 individuals held for free?

25 A. No.